

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
ON APPEAL FROM THE EXAMINER TO THE BOARD
OF PATENT APPEALS AND INTERFERENCES**

In re Application of: Frederick L. Ross
U.S. Patent Serial No.: 09/865,470
Filing Date: May 24, 2001
Examiner: Maria Teresa T. Thein
Group No.: 3627
Confirmation No. 2938
Title: LOCAL RETURNS OF REMOTELY PURCHASED
MERCHANDISE WITH RETURN CODE VALIDATION

MAIL STOP APPEAL BRIEF - PATENTS

Commissioner for Patents
P.O. Box 1450
Alexandria, Virginia 22313-1450

Dear Sir:

APPEAL BRIEF

Appellant has appealed to the Board of Patent Appeals and Interferences ("Board") from the Final Office Action dated February 3, 2006 and the Advisory Action dated June 7, 2006. Appellant filed a Notice of Appeal and Pre-Appeal Brief Request for Review on July 3, 2006 with the statutory fee of \$250.00. This Appeal Brief is filed in response to a Notice of Panel Decision from Pre-Appeal Brief Review dated October 3, 2007, rejecting Claims 1-39.

Real Party In Interest

This Application is currently owned by Newgistics, Inc. as indicated by:

an assignment recorded on 09/25/2001 from inventor Frederick L. Ross to Newgistics, Inc., in the Assignment Records of the PTO at Reel 012204, Frame 0549 (3 pages).

Related Appeals and Interferences

To the knowledge of Appellant's counsel, there are no known interferences or judicial proceedings that will directly affect or be directly affected by or have a bearing on the Board's decision regarding this Appeal.

Status of Claims

Claims 1-39 are pending in this Application and stand rejected pursuant to a Final Office Action dated February 3, 2006 (“*Final Office Action*”) and an Advisory Action dated June 7, 2006 (“*Advisory Action*”).

Claims 1-39 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,085,172 issued to Junger (“*Junger*”) in view of U.S. Patent No. 6,536,659 issued to Hauser et al. (“*Hauser*”).

For the reasons discussed below, Appellant respectfully submits that these rejections are improper and should be reversed by the Board. Accordingly, Appellant presents Claims 1-39 for Appeal. All pending claims are shown in Appendix A, attached hereto, along with an indication of the status of those claims. A copy of *Junger* is attached as Appendix B and a copy of *Hauser* is attached as Appendix C.

Status of Amendments

All amendments submitted by Appellant have been entered by the Examiner.

Summary of Claimed Subject Matter

The present Application relates to a method and system for using a public communications network, such as the Internet, to manage the return of an item purchased by a consumer from a remote direct merchandiser. The consumer may or may not initiate a return by accessing a returns manager, such as by telephone or website. If the consumer initiates a return in this manner, he or she may receive general returns information or return authorization (including a unique return validation code). (Page 4, lines 2-10.)

In general, system 10 implements "reverse logistics product returns". It provides consumers with a convenient method to return unwanted products and receive a refund. System 10 provides retailers with an efficient and cost effective returns process that reduces the risk of fraudulent returns. (Page 7, lines 17-22.)

For purposes of FIGURE 1, it is assumed that a consumer 11 is assumed to have ordered an item via the Internet or by telephone, and to have received the item via some sort of delivery service. It is further assumed that the retailer from whom the item was purchased is a member of system 10. This membership may be made known to the customer in any number of ways, such as by notification on the consumer's invoice. In general, the retailer becomes a member of system 10 by agreeing with returns manager 12 that returns manager 12 will assist in the returns process in the manner described herein. (Page 7, line 23 - page 8, line 2.)

If the item is to be returned, consumer 11 determines an address (URL) for accessing a returns site 11 via the Internet. Consumer 10 uses the returns site 11 to gather general information about the retailer's returns policies and procedures, and to begin the returns process. Alternatively, consumer 10 may call the returns site 11 by telephone to receive general return information. (Page 8, lines 3-10.)

As indicated in FIGURE 1, the consumer 11 may use either of two paths for returning the item. As explained below, from the consumer's point of view, the consumer 11 is concerned only with taking the item to a local return site 13 or in having the item picked up by a shipping service. In other words, there is no need for the consumer 11 to locate and ship to the remote retailer. (Page 8, lines 11-17.)

Thus, a first alternative is for the consumer 11 to request pick up at the consumer's home or other location. After the consumer 11 provides appropriate information online or via the telephone, a shipper is notified to pick up the item to be returned. This shipper role could

be easily fulfilled by any one of the commercial shipping companies in wide use, such as Federal Express or UPS. The consumer gives the product to the driver from the shipper, who verifies the item being returned. The shipping company driver uses a wireless data terminal to log the receipt of the item being returned and to print a shipping label. The wireless data terminal communicates with returns manager 12 to process the transaction. The returns manager 12 may initiate an instant credit for the return to the consumer's account, such as by communicating with a credit card company or other financial administrator. The shipper delivers the product to the shipper's local hub 14, where it is held until the disposition of the product is determined. (Page 8, line 18 - page 9, line 5.)

A second alternative is for the consumer 11 to directly deliver the item to a local returns site 13. This "drop off" method, may be made with or without prior authorization that the consumer has obtained online or by telephone. For authorization, consumer 10 accesses returns manager 12 online or by telephone and provides the necessary information about the return. The consumer then chooses a nearby local returns site 13 and delivers the item to that location. Examples of suitable local returns sites 13 are neighborhood mailing and packaging centers, who have elected to participate in system 10. (Page 9, lines 6-16.)

At the local returns site 13, an employee accesses the returns manager 12 to input and send returns request data associated with the desired return. This data represents the necessary return information, using information provided by the consumer. The data permits the employee to access information describing a step-by-step process provided by the returns manager 12, which is specific to the product that is being returned and to the retailer that sold the product. This process includes verification of data provided by the consumer against data provided by the retailer, and permits the return to be validated at the local returns site 13. (Page 9, lines 17-28.)

At the local returns site 13, and after the product return has met the return guidelines, a shipper is notified to pick up the item from the returns site 13. This notification may come from the local returns site 13 or from returns manager 12. The consumer receives an immediate credit back to his or her credit card, or alternatively, some sort of voucher or receipt representing a credit. The retailer is notified of the return so that proper accounting measures can be taken. The product is delivered to the shipper's local hub 14 where it is held until the disposition of the product is determined. Alternatively, the item may be returned to the retailer. (Page 9, line 29 - page 10, line 10.)

FIGURE 2 illustrates how returns manager 12 makes use of the public communications networks to receive and deliver various data to and from the various entities involved in the returns process. The Internet is but one example of a public data communications network on which this type of communications may occur. The same type of communications are possible over a public telephone network. Thus, "access" to returns manager 12 may be either via the Internet or via telephone. (Page 11, line 29 - page 12, line 7.)

As explained above in connection with FIGURE 1, returns manager 12 may or may not be initially accessed by the consumer 11 for general returns information. Typically, returns manager 12 maintains a returns website that may be accessed by the consumer for this general information. The website may be accessed directly by entering the Internet address of the returns manager or by activating a link on the merchandiser's website. (Page 12, lines 8-15.)

After consumer 11 has delivered the item to a local returns site 13 or has had the item picked up by a local shipper 14, either of these entities accesses returns manager 12. As explained above, the access by the local shipper 14 may be performed by a route driver who relates directly with the consumer 11. The local returns site 13 or shipper 14 communicates return request data to the returns manager 12, specific to the item. In response, the returns manager 12 provides returns validation data, which may be used by the local site 13 or shipper 14 to validate the return. A method of providing a returns validation code is described below as one approach to validation. (Page 12, lines 16-28.)

Once the return is validated, returns manager 12 initiates a credit to the consumer's account. This credit can be initiated by notification to an agent of the consumer 11, such as a credit card company. Returns manager 12 then provides notification of the transaction to the retailer 21. (Page 12, line 29 - page 13, line 3.)

Returns manager 12 also stores or otherwise accesses returns policy data particular to the retailer of the returned item. Returns manager 12 uses this returns policy data to determine disposition of the returned item. As explained above, the item might be held for sale at auction or shipped elsewhere for disposition. (Page 13, lines 4-9.)

As explained above, from the retailer's point of view, one approach to handling returns is to maintain, or contract with, local storefronts that will accept returns. The local storefront will inspect the goods, verify information, and generate a credit to the customer. (Page 13, lines 11-17.)

An example of a local storefront that handles returns is the local drop off site 13 described above in connection with FIGURE 1. Also, in the system of FIGURE 1, when the consumer opts for the pick-up option, verification could alternatively be performed by the shipper. (Page 13, lines 18-23.)

A problem with local (decentralized) returns is that a local storefront does not always have access to the retailer's order data. As a result, when a credit is generated, the storefront may have no more information other than what is presented by the consumer. For example, the local storefront might see only what appears on a sales invoice originally sent with the goods and presented by the consumer. It is easily possible for the consumer to fraudulently modify the invoice. For example, the consumer might alter the price of the goods to be greater than that actually paid. Or, the consumer might alter the invoice's written description of the goods so that the returned item appears to be a returnable, when in fact it is not. (Page 13, line 24 - page 14, line 5.)

To solve this type of problem, a return validation code is associated with each returnable good. This validation code is algorithmically generated and contains a field for each of the following items of information:

- an identifier unique to the retailer who sold the item;
- a return authorization number;
- the purchase date of the good;
- the seller's product ID for the good; and
- a purchase price. (Page 14, lines 6-15.)

Any one of various algorithms may be used to generate the code. In general, the algorithm accepts the above parameters and generates a number that cannot be decoded to its original elements. (Page 14, lines 16-19.)

The return validation code may be assigned to the item at any one of various time points during the sale/return process. For example, before returning an item, the consumer 11 could be required to obtain a return authorization that includes the return validation code. This return authorization could be obtained from the returns manager 12 via telephone or online access. Alternatively, the consumer 11 might obtain the return authorization from the retailer 21, by

telephone or on-line access. Or, the return code could be generated at the time of the sale and provided with the original sales invoice. (Page 14, lines 20-31.)

When the consumer 11 takes the item to the local drop off site 13, or when the item is picked up by a shipper, the consumer's return validation code is attempted to be matched to a code provided by returns manager 12. This matching can be performed manually by the local returns site 13 or local shipper 14. Or, either of these entities could provide the consumer's code to returns manager 12, such as by entering it to a website operated by returns manager 12, and the matching could be performed automatically. If any of the invoice information has been modified, the code match will fail, thereby invalidating the return. (Page 15, lines 1-12.)

With regard to the independent claims currently under Appeal, Appellant provides the following concise explanation of the subject matter recited in the claim elements. For brevity, Appellant does not necessarily identify every portion of the Specification and drawings relevant to the recited claim elements. Additionally, this explanation should not be used to limit Appellant's claims but is intended to assist the Board in considering the Appeal of this Application.

For example, independent Claim 1 recites the following:

A method of using a public communications network to manage the return of an item purchased by a consumer from a remote direct merchandiser (e.g., Figures 1 and 2; Page 7, line 3 through Page 15, line 12; Page 16, lines 2-5), comprising the steps of:

receiving a first communication at a returns manager system, the first communication comprising return request data from a local returns site (e.g., Page 9, lines 17-28; Page 12, lines 21-23; Page 16, lines 6-7);

providing a second communication from the returns manager system to the local returns site, the second communication comprising return validation data having at least a return validation code (e.g., Page 12, lines 23-28; Page 14, lines 6-15; Page 14, lines 20-31; Page 16, lines 8-10);

validating the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site, the pre-authorization code obtained by the consumer and indicating prior approval of the return by a remote direct merchandiser from who the item was purchased (e.g., Page 8, lines 25-28; Page 12, lines 23-28; Page 15, lines 1-12; Page 16, lines 11-12); and

crediting an account of the consumer for a return value of the returned item after validating the return (e.g., Page 8, line 30 through Page 9, line 3; Page 10, lines 2-5; Page 11, lines 6-9; Page 12, line 29 through Page 12, line 1; Page 16, lines 13-14);

wherein the first and second communications are communicated using a public communications network (e.g., Page 8, lines 3-10; Page 11, line 31 through Page 12, line 7; Page 12, lines 11-15; Page 16, lines 15-16).

As another example, independent Claim 11 recites the following:

A method of using a public communications network to manage the return of an item purchased by a consumer from a remote direct merchandiser (e.g., Figures 1 and 2; Page 7, line 3 through Page 15, line 12; Page 18, lines 1-4), comprising the steps of:

receiving a first communication at a returns manager system, the first communication comprising return request data from a local shipper (e.g., Page 9, lines 17-28; Page 12, lines 16-23; Page 18, line 5);

providing a second communication from the returns manager system to the local shipper, the second communication comprising return validation data having at least a return validation code (e.g., Page 12, lines 16-28; Page 14, lines 6-15; Page 14, lines 20-31; Page 18, lines 6-8);

validating the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site, the pre-authorization code obtained by the consumer and indicating prior approval of the return by a remote direct merchandiser from who the item was purchased (e.g., Page 8, lines 25-28; Page 12, lines 23-28; Page 15, lines 1-12; Page 18, lines 9-10); and

crediting an account of the consumer for a return value of the returned item after validating the return (e.g., Page 8, line 30 through Page 9, line 3; Page 10, lines 2-5; Page 11, lines 6-9; Page 12, line 29 through Page 12, line 1; Page 18, lines 11-12);

wherein the first and second communications are communicated using a public communications network (e.g., Page 8, lines 3-10; Page 11, line 31 through Page 12, line 7; Page 12, lines 11-15; Page 18, lines 13-14).

As another example, independent Claim 21 recites the following:

A method for managing a return of an item (e.g., Figures 1 and 2; Page 7, line 3 through Page 15, line 12), comprising:

receiving, at a local returns site, a returned item purchased from an off-site retailer by a consumer (e.g., Page 9, lines 6-16);

using a public communication network to access, from the local returns site, a returns manager system that stores a return policy of the off-site retailer (e.g., Page 9, lines 17-28; Page 11, line 31 through Page 12, line 7; Page 12, lines 11-15), the return policy comprising one or more return guidelines that must be met to validate a return of the returned item (e.g., Page 9, lines 21-28; Page 12, lines 23-28; Page 13, lines 4-9), a one of the one or more return guidelines requiring that preauthorization of the returned item is obtained by the consumer before the returned item is received at the local returns site (e.g., Page 9, lines 21-28), the preauthorization indicating

prior approval of the return by a remote direct merchandiser from whom the item was purchased (e.g., Page 14, lines 6-31);

validating the return by determining that the return guidelines are met by the returned item (e.g., Page 8, lines 25-28; Page 12, lines 23-28; Page 15, lines 1-12); and

crediting an account of the consumer for a return value of the returned item after validating the return (e.g., Page 8, line 30 through Page 9, line 3; Page 10, lines 2-5; Page 11, lines 6-9; Page 12, line 29 through Page 12, line 1).

As another example, independent Claim 29 recites the following:

A system for managing a return of merchandise (e.g., Figures 1 and 2; Page 7, line 3 through Page 15, line 12), comprising:

a retailer comprising a remote direct merchandiser from which one or more items may be purchased by a consumer (e.g., Figure 1, reference numerals 11a and 17; Figure 2, reference numeral 21; Page 7, lines 3-7; Page 7, line 26 through Page 8, line 2);

a returns manager system communicatively coupled to the retailer over a public communications network (e.g., Figures 1 and 2, reference numeral 12; Page 7, line 30 through Page 8, line 2), the returns manager system operable to:

receive a first communication identifying at least an item of merchandise to be returned by the consumer in the future (e.g., Page 8, lines 3-10; Page 8, lines 18-22; Page 9, lines 10-14; Page 9, lines 17-28; Page 12, lines 21-23);

identify the retailer as the remote direct merchandiser from which the at least one returned item was purchased by the consumer (e.g., Page 8, lines 25-28; Page 12, lines 23-28; Page 14, lines 6-15 Page 15, lines 1-12);

send a second communication to the retailer to the retailer identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return (e.g., Page 10, lines 5-6).

As still a further example, dependent Claim 5 recites that the method of Claim 1 further comprises:

receiving a third communication at the returns manager system, the third communication comprising a request for general returns information from the consumer (e.g., Page 8, lines 3-10; Page 12, lines 8-15; Page 16, lines 28-31); and
providing a fourth communication from the returns manager to the consumer, the fourth communication comprising data representing general returns information (e.g., Page 8, lines 3-10; Page 12, lines 8-15; Page 16, lines 28-31).

Dependent Claim 15 recite certain features that are analogous to those of Claim 4.

Grounds of Rejection to be Reviewed on Appeal

Are Claims 1-39 unpatentable under 35 U.S.C. § 103(a) over U.S. Patent No. 6,085,172 issued to Junger ("*Junger*") in view of U.S. Patent No. 6,536,659 issued to Hauser et al. ("*Hauser*")?

Arguments

The Examiner rejects Claims 1-39 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,085,172 issued to Junger (“*Junger*”) in view of U.S. Patent No. 6,536,659 issued to Hauser et al. (“*Hauser*”). Copies of *Junger* and *Hauser* are attached in the Evidence Appendix. For the reasons discussed below, Appellant respectfully submits that these rejections are improper and should be reversed by the Board.

I. The Standard under 35 U.S.C. § 103

The question raised under 35 U.S.C. § 103 is whether the prior art taken as a whole would suggest the claimed invention taken as a whole to one of ordinary skill in the art at the time of the invention. *See* 35 U.S.C. § 103(a). Accordingly, even if all elements of a claim are disclosed in various prior art references, which is certainly not the case here as discussed below, the claimed invention taken as a whole cannot be said to be obvious without some reason given in the prior art why one of ordinary skill in the art at the time of the invention would have been prompted to modify the teachings of a reference or combine the teachings of multiple references to arrive at the claimed invention.

The M.P.E.P. sets forth the strict legal standard for establishing a *prima facie* case of obviousness based on modification or combination of prior art references. “To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references where combined) must teach or suggest all the claim limitations.” M.P.E.P. § 2142, 2143. The teaching, suggestion or motivation for the modification or combination and the reasonable expectation of success must both be found in the prior art and cannot be based on an Appellant’s disclosure. *See Id.* (citations omitted). “Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either explicitly or implicitly in the references themselves or in the knowledge generally available to one of ordinary skill in the art” at the time of the invention. M.P.E.P. § 2143.01. Even the fact that references *can* be modified or combined does not render the resultant modification or combination obvious unless the prior art teaches or suggests the desirability

of the modification or combination. *See Id.* (citations omitted). Moreover, “To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. All words in a claim must be considered in judging the patentability of that claim against the prior art.” M.P.E.P. § 2143.03 (citations omitted).

The governing Federal Circuit case law makes this strict legal standard even more clear.¹ According to the Federal Circuit, “a showing of a suggestion, teaching, or motivation to combine or modify prior art references is an essential component of an obviousness holding.” *In re Sang-Su Lee*, 277 F.3d 1338, 1343, 61 U.S.P.Q.2d 1430, 1433 (Fed. Cir. 2002) (quoting *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1124-25, 56 U.S.P.Q.2d 1456, 1459 (Fed. Cir. 2000)). “Evidence of a suggestion, teaching, or motivation . . . may flow from the prior art references themselves, the knowledge of one of ordinary skill in the art, or, in some cases, the nature of the problem to be solved.” *In re Dembiczak*, 175 F.3d 994, 999, 50 U.S.P.Q.2d 1614, 1617 (Fed. Cir. 1999). However, the “range of sources available . . . does not diminish the requirement for actual evidence.” *Id.* Although a prior art device “may be capable of being modified to run the way the apparatus is claimed, there must be a suggestion or motivation in the reference to do so.” *In re Mills*, 916 F.2d at 682, 16 U.S.P.Q.2d at 1432. *See also In re Rouffet*, 149 F.3d 1350, 1357, 47 U.S.P.Q.2d 1453, 1457-58 (Fed. Cir. 1998) (holding a *prima facie* case of obviousness not made where the combination of the references taught every element of the claimed invention but did not provide a motivation to combine); *In Re Jones*, 958 F.2d 347, 351, 21 U.S.P.Q.2d 1941, 1944 (Fed. Cir. 1992) (“Conspicuously missing from this record is any evidence, other than the PTO’s speculation (if that can be called evidence) that one of ordinary skill in the herbicidal art would have been motivated to make the modification of the prior art salts necessary to arrive at” the claimed invention.). Even a determination that it would have been obvious to one of ordinary skill in the art at the time of the invention to try the proposed modification or combination is not sufficient to establish a *prima facie* case of obviousness. *See In re Fine*, 837 F.2d 1071, 1075, 5 U.S.P.Q.2d 1596, 1599 (Fed. Cir. 1988).

In addition, the M.P.E.P. and the Federal Circuit repeatedly warn against using an Appellants’ disclosure as a blueprint to reconstruct the claimed invention. For example, the M.P.E.P. states, “The tendency to resort to ‘hindsight’ based upon applicant’s disclosure is

¹ Note M.P.E.P. 2145 X.C. (“The Federal Circuit has produced a number of decisions overturning obviousness rejections due to a lack of suggestion in the prior art of the desirability of combining references.”).

often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art.” M.P.E.P. § 2142. The governing Federal Circuit cases are equally clear. “A critical step in analyzing the patentability of claims pursuant to [35 U.S.C. § 103] is casting the mind back to the time of invention, to consider the thinking of one of ordinary skill in the art, guided only by the prior art references and the then-accepted wisdom in the field. . . . Close adherence to this methodology is especially important in cases where the very ease with which the invention can be understood may prompt one ‘to fall victim to the insidious effect of a hindsight syndrome wherein that which only the invention taught is used against its teacher.’” *In re Kotzab*, 217 F.3d 1365, 1369, 55 U.S.P.Q.2d 1313, 1316 (Fed. Cir. 2000) (citations omitted). In *In re Kotzab*, the Federal Circuit noted that to prevent the use of hindsight based on the invention to defeat patentability of the invention, the court requires the Examiner to show a motivation to combine the references that create the case of obviousness. *See id.* *See also, e.g., Grain Processing Corp. v. American Maize-Products*, 840 F.2d 902, 907, 5 U.S.P.Q.2d 1788, 1792 (Fed. Cir. 1988). Similarly, in *In re Dembiczak*, the Federal Circuit reversed a finding of obviousness by the Board, explaining that the required evidence of such a teaching, suggestion, or motivation is essential to avoid impermissible hindsight reconstruction of an applicant’s invention:

Our case law makes clear that the best defense against the subtle but powerful attraction of hind-sight obviousness analysis is *rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references*. Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor’s disclosure as a blueprint for piecing together the prior art to defeat patentability—the essence of hindsight.

175 F.3d at 999, 50 U.S.P.Q.2d at 1617 (emphasis added) (citations omitted).

II. The *Junger* Reference

According to *Junger*, a regional warehouse 1 operated by a large retail chain collects product returns from local retail stores 3A and 3B. In the illustrated example, retail store 3A is located in the Northeast United States and retail store 3B serves the mid-Atlantic region; the retailer regional return center warehouse 1 is located in the South; and the manufacturer

warehouse 5 is in the Pacific Northwest. Of course, this example is for illustrative purposes only, and it should be appreciated that other local retail stores, regional return centers, etc. would be present in an actual return network. Also, it should be understood that a product return network typically would be operated in conjunction with a product distribution network. (Column 3, lines 45-57).

After the returned products arrive at the regional warehouse 1, they are sorted by manufacturer and/or product, and are shipped from the regional warehouse 1 to the manufacturer warehouse 5 for credit or replacement. The manufacturer then inspects the returned products to ensure that they comply with necessary return conditions and, if appropriate, issues a credit or replacement product. (Column 3, lines 58-64).

Each step of the foregoing example return process involves various processing and handling requirements. For example, personnel at the local retail store must first review the product for compliance with applicable return requirements (e.g., ensure that the product is returned within the specified return period and verify that all parts have been returned), and then arrange for shipment to the appropriate regional warehouse by way of a truck or other suitable means of transportation. (Column 3, line 65 through Column 4, line 6).

Employees at the regional warehouse must unload the products received from the local retail stores, sort them by manufacturer and/or product, prepare them for shipment (e.g., place the returned products on shipping pallets), and arrange for the shipment to the manufacturer. Finally, the manufacturer must receive the returned product shipment, verify that the returns are proper, repackage the returned products if appropriate, and conduct necessary bookkeeping to ensure that the retailer receives proper credit for the return. It is noted that the foregoing is not an exhaustive list of the costs and efforts associated with processing product returns by the retail stores, the regional return center warehouses, and the manufacturers. (Column 4, lines 7-19).

The present invention may be utilized, for example, in connection with operations at the retailer regional return center warehouse 1 to reduce costs incurred by both the return center and the manufacturer. In accordance with one aspect of the present invention, significant cost savings can be realized by reducing or eliminating unnecessary shipping costs by making a relatively early determination whether a product return will ultimately be accepted by the manufacturer or the like. If not, the returned product need not be handled further, thereby reducing costs. (Column 4, lines 20-29).

In accordance with another aspect of the present invention, advance return authorization may be obtained for a plurality of products at one time to establish an approved product return batch. The approved batch may be properly labeled prior to return to the manufacturer. In this way, product returns may be easily and efficiently handled in batches rather than as individual units, thereby improving efficiency and reducing costs. (Column 4, lines 30-37).

Referring now to FIG. 2, an example implementation of the present invention includes a return side portion 21 and a manufacturer side portion 23 which are operable to communicate over an internet connection 25. Briefly, the return side portion 21 may include a personal computer 210 that includes, for example, an Intel 486 processor or higher with at least 16 MB of RAM, a Microsoft Windows 95 or Windows NT operating system, and browser software such as Netscape Navigator 4.0 or higher. The personal computer may also include a modem for direct connection to an internet provider through a dedicated telephone connection 212. Alternatively, an internet connection may be made by the personal computer 210 over a corporate network. Also, it may be possible to utilize a direct telephone link by modem between the return side portion 21 and the manufacturer side portion 23 or even a hardwired connection. (Column 4, lines 38-54).

A bar code scanner 214 is provided for scanning bar coded SKU and, possibly, serial numbers for returned products. Additionally, a printer 216 is provided for printing transaction records and, if desired, printed versions of return authorizations from the manufacturer. As will be discussed below in greater detail, manually prepared return authorization forms may be used as an alternative to printed return authorizations. (Column 4, lines 55-62).

The manufacturer side portion 21 includes a computer system 230 utilizing, for example, an IBM AS/400 computer and having an associated data storage unit 234 for storing an electronic product registration database. The manufacturer side computer system 230 is capable of communicating with the return side portion 21 over an internet connection though telephone connection 232. As noted previously, other communication techniques between the manufacturer side portion 23 and the return side portion 21 may also be utilized. (Column 4, line 63 through Column 5, line 4).

After the regional retailer return facility receives products for return to the manufacturer, the return side portion 21 may access the manufacturer side portion 23 to screen the products for compliance with return requirements and to obtain pre-authorization

of the returns. In particular, the return side computer 210 connects to the manufacturer side computer 230 by way of the internet or through other appropriate communication techniques. In the present example embodiment, the manufacturer side computer maintains a world wide web page for access by the regional return center. Password protection may be provided to ensure only authorized retailers are able to access return pre-authorization features in accordance with the present invention. For example, each return center location that is permitted access to the pre-authorization features may be assigned a location identification code and a password. In such a case, both the location identification code and the password would be required before access is granted to the product return screening program. (Column 5, lines 5-23).

III. The *Hauser* Reference

Hauser relates to a method for handling goods returned by customers of a plurality of different merchants. Merchants who have authorized return of merchandise transmit data identifying the customer and the merchandise to be returned to a central return facility for inclusion in a database. Customers of these merchants package the merchandise to be returned and are provided with a return authorization shipping label by the central return facility. This label includes a scannable bar code identifying the merchant and the customer. After the merchandise is received at the central returns facility, the scannable bar code is scanned so that the merchandise can be sorted by merchant, and the merchandise is then inspected to determine if the merchandise authorized for return has been received. If so, the appropriate merchant is advised, and the customer is electronically credited for the return of the merchandise. A bar code tag is attached to the returned merchandise that has been received to facilitate automated sorting on a conveyer system. The merchandise is thus directed to a storage bin for temporary storage along with other merchandise designated for the same disposition. When a bin is full, the merchandise contained therein is disposed of as designated. (Abstract).

IV. Appellant's Claims are Allowable over the Cited References

The Examiner rejects each of Appellant's claims over the proposed *Junger-Hauser* combination. Appellant submits, however, that *Junger* and *Hauser*, even when considered in combination, do not disclose, teach, or suggest the combination of elements recited in Appellant's claims.

A. Claims 1, 11, and 21

Independent Claim 1, as presented for Appeal, recites:

A method of using a public communications network to manage the return of an item purchased by a consumer from a remote direct merchandiser, comprising the steps of:

receiving a first communication at a returns manager system, the first communication comprising return request data from a local returns site;

providing a second communication from the returns manager system to the local returns site, the second communication comprising return validation data having at least a return validation code;

validating the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site, the pre-authorization code obtained by the consumer and indicating prior approval of the return by a remote direct merchandiser from whom the item was purchased; and

crediting an account of the consumer for a return value of the returned item after validating the return;

wherein the first and second communications are communicated using a public communications network.

Appellant submits that the proposed *Junger-Hauser* combination does not disclose, teach, or suggest the combination of elements recited in Claim 1.

For example, the proposed *Junger-Hauser* combination does not disclose, teach, or suggest “*validating the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site,*” as recited in Appellant’s Claim 1. In the Final Office Action, the Examiner explicitly relies on *Junger* for disclosure of the recited claim language.² Specifically, the *Final Office Action* points to the disclosure of a “customer reference number” and states that the customer reference number “is entered to identify the return authorization.” (*Final Office Action*, page 14). Additionally, the *Final Office Action* points to column 8, lines 18-22 for disclosure of the creation of a return authorization number once the request is approved. (*Final Office Action*, page 14). Because these operations are not analogous to Appellant’s claim language reciting “*validating the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site,*” Appellant traverses this rejection.

² The Examiner relies on *Hauser* for disclosure of “the pre-authorization code obtained by the consumer and indicating prior approval of the return by a remote direct merchandiser from whom the item was purchased,” as also recited in Claim 1.

In fact, *Junger* merely discloses a system and method for handling product returns by which a retailer regional warehouse obtains “advance return authorization . . . for a plurality of products at one time.” (Column 4, lines 30-33). As disclosed in *Junger*, the system “includes a return side portion 21 and a manufacturer side portion 23 which are operable to communicate over an internet connection 25.” (Column 4, lines 38-41). Specifically, when “returned products arrive at the regional warehouse 1, they are sorted by manufacturer and/or product.” (Column 3, lines 58-61). Then “the return side portion 21 may access the manufacturer side portion 23 to screen the products for compliance with return requirements and to obtain pre-authorization of the returns.” (Column 5, lines 5-9).

In particular, the return side portion 21 of *Junger* includes a bar code scanner “for scanning barcoded SKU and, possibly, serial numbers for returned products.” (Column 4, lines 55-56). The scanned SKU is then provided to manufacturer side computer 230 who “receives UPC and serial number information for return validation . . . [and] checks the electronic registration database to ensure that the identified product meets product return criteria.” (Column 6, lines 58-64). If the return criteria is met, “the product is pre-approved for return.” (Column 2, lines 49-50). Then, a return authorization number is created and the batch header is updated to indicate the approved status. (Column 8, lines 18-21). Thus, the disclosed system and method of *Junger* merely allows for the obtainment of a single return authorization number for a batch of items. Obtaining a return authorization number for a batch of items is not analogous to “*validating the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site,*” as recited in Appellants’ independent Claim 1.

In the Final Office Action, the Examiner responds stating:

Junger discloses a customer reference number which is entered to identify the return authorization (col. 5, lines 8-9). Once the request is approved a return authorization number (RA number) is created (col. 8, lines 18-22). In Figure 4H, a return authorization status screen is shown. The screen shows a lists of the authorization status, customer reference number with a return authorization number.

Such customer reference number with a return authorization number is the step of validating the return by matching the return validation code with a pre-authorization code.

(Final Office Action, page 14). Appellants disagree.

First, Appellant notes that col. 5, lines 8-9 of *Junger*, as cited by the Examiner, does not discuss a “customer reference number”; the cited portion discusses, only generally, the obtainment of pre-authorization for returns. In searching *Junger* for disclosure of the “customer reference number” identified by the Examiner, Appellant has identified the following passages:

- For a new batch, the manufacturer side computer 230 creates a batch header which includes information identifying the assigned batch number, **any customer reference numbers**, the return center address, the name and telephone number of a customer contact person, and the status of the batch (e.g., product entry state, pending approval, approved, declined, RA assigned, etc.). (Column 6, lines 13-19, emphasis added).
- Referring now to FIG. 4F, the return center operator is preferably prompted to enter the name and phone number of the person who should be contacted with information or questions concerning the return authorization request. If desired, **a customer reference number (e.g., a bill of lading number, file number, invoice number, etc.)** may be entered for an internal reference to identify the return authorization. (Column 7, lines 53-59, emphasis added).

Thus, as disclosed in *Junger*, the customer reference number merely includes a bill of lading, file number, invoice number, or other identifier that is used as an internal reference to identify the return authorization being created. There is no indication, however, that the customer reference number is either of a “return validation code” or a “pre-authorization code,” as recited in Appellant’s Claim 1.

Furthermore, to the limited extent that *Junger* discusses the customer reference number, the customer reference number disclosed in *Junger* is not used to “[validate] the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site,” as recited in Appellant’s Claim 1. Specifically, there is no indication in *Junger* that a return is validated by matching the customer reference number with the RMA number or anything else. In fact, it is Appellant’s contention that *Junger* does not disclose any operational use of the customer reference number at all. *Junger* merely discloses that the customer reference number may be entered “if desired.” (Column 7, lines 53-59). Since *Junger* indicates that such a feature is optional, the customer reference number cannot be used to validate a return authorization or generate a return authorization number. Certainly,

there is no indication in *Junger* that a return is validated by matching the customer reference number with the RMA number or anything else.

For further evidence that the customer reference number is not analogous to either of Appellant's "return validation code" or "pre-authorization code," Appellant directs the Examiner's attention to Figure 4H, which indicates that batch number 15 has been approved. The customer reference number associated with batch number 15 is "kb12444" and the RA Number is "915." These two numbers can not be matched to validate the return, and yet Figure 14H indicates that batch number 15 has been approved. In fact, *Junger* does not disclose any operational use of the customer reference number at all. *Junger* merely discloses that the customer reference number may be entered "if desired." (Column 7, lines 53-59). Such language indicates that such a feature is optional and is not used to validate a return authorization. This is further bolstered by Figure 4H of *Junger*, which shows the customer reference included in only two of the four entries. Accordingly, *Junger* does not disclose, teach, or suggest "validating the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site . . . ," as recited in Appellant's Claim 1.

Even if the Examiner relies on *Hauser* for disclosure of the "pre-authorization code obtained by the consumer and indicating prior approval of the return by a remote direct merchandiser from whom the item was purchased," *Hauser* does not cure the deficiencies of *Junger* discussed above. Rather, *Hauser* merely provides that

[C]ustomers are provided with a return authorization shipping label by the central return facility. This label includes a scannable bar code identifying the merchant and the customer. After the merchandise is received at the central returns facility, the scannable bar code is scanned so that the merchandise can be sorted by merchant, and the merchandise is then inspected to determine if the merchandise authorized for return has been received.

(Abstract). Thus, *Hauser* merely uses the return authorization shipping label to sort the merchandise by merchant. Accordingly, *Hauser* also cannot be said to disclose, teach, or suggest "validating the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site . . . ," as recited in Appellant's Claim 1.

For at least these reasons, Appellants respectfully submit that the rejection of independent Claim 1 is improper and should be reversed by the Board. Appellant respectfully requests favorable action with respect to Claim 1, together with Claims 2-10 that depend from Claim 1.

The Examiner also relies on the *Junger-Hauser* combination to reject independent Claims 11 and 21. Appellant respectfully submits, however, that the *Junger-Hauser* combination does not disclose, teach, or suggest each and every element of Appellant's independent Claim 11. For example, Claim 11 recites "*validating the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site, the pre-authorization code obtained by the consumer and indicating prior approval of the return by a remote direct merchandiser from whom the item was purchased.*" As another example, Claim 21 recites "*a returns manager system that stores a return policy of the off-site retailer, the return policy comprising one or more return guidelines that must be met to validate a return of the returned item, a one of the one or more return guidelines requiring that preauthorization of the returned item is obtained by the consumer before the returned item is received at the local returns site, the preauthorization indicating prior approval of the return by a remote direct merchandiser from whom the item was purchased.*" Thus, for reasons similar to those discussed above with regard to Claim 1, Appellant respectfully submits that neither *Junger* nor *Hauser* disclose, teach, or suggest the combination of elements set forth in Appellant's independent Claims 11 and 21.

For at least these reasons, Appellant submits that the rejections of independent Claims 11, and 21 are improper and should be reversed by the Board. Appellant respectfully requests favorable action with respect to Claims 11 and 21, together with Claims 12-20 and 22-28 that depend from Claims 11 and 21, respectively.

B. Claim 29

Independent Claim 29, of the present Application as presented for Appeal, recites:

A system for managing a return of merchandise, comprising:
a retailer comprising a remote direct merchandiser from which one or more items may be purchased by a consumer;
a returns manager system communicatively coupled to the retailer over a public communications network, the returns manager system operable to:

receive a first communication identifying at least an item of merchandise to be returned by the consumer in the future;
identify the retailer as the remote direct merchandiser from which the at least one returned item was purchased by the consumer; and
send a second communication to the retailer identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return.

Thus, independent Claim 29 recites a returns manager system that is operable to both “receive a first communication identifying at least an item of merchandise to be returned by the consumer in the future” and “send a second communication to the retailer identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return.” Appellant contends, however, that this rejection of Claim 29 is improper for at least two reasons.

1. *The Examiner fails to Consider the Patentability of the particular combination of features and operations recited in Appellant’s Claim 29.*

Initially, Appellant notes that with respect to each claim element, the Examiner breaks the claim element into two portions and rejects each portion of a single claim element over two distinct references. Specifically, the Examiner separates the operational steps recited in each claim element from the features recited within the operational steps. Appellant acknowledges that “one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references.” (Final Office Action, page 15). However, the piecemeal rejection of Claim 29, as presented by the Examiner, fails to consider the patentability of the particular combination of features and operations recited in Appellant’s claim language.

For example, with respect to Appellants’ language reciting “receiv[ing] a first communication identifying at least an item of merchandise to be returned by the consumer in the future,” the Examiner relies on *Junger* for disclosure of “receiving a first communication identifying at least an item of merchandise” but relies on *Hauser* for disclosure of the item of merchandise being one “to be returned by the consumer in the future.” As another example, with respect to Appellant’s language reciting “send[ing] a second communication to the retailer identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return,” the Examiner relies on *Junger* for disclosure of “sending a second communication to the retailer identifying the item of merchandise” but relies on *Hauser*

for disclosure of providing the retailer with “advance notification of the return.” Even if the cited references disclose the elements as alleged by the Examiner (which Appellant does not admit and disputes below), such a piecemeal rejection of Applicant’s claim fails to give credence to each element of Appellant’s Claim 1 and to the overall combination of features recited in the claim. The M.P.E.P. provides that “[a]ll words in a claim must be considered in judging the patentability of that claim against the prior art.” M.P.E.P. § 2143.03 (citing *In re Wilson*, 424 F.2d 1382, 165 U.S.P.Q. 494, 496 (C.C.P.A. 1970)). However, Appellant contends that the Examiner’s manner of piecing together references fails to consider the patentability of the particular combination of features and operations recited in Appellant’s claim. Rather, such a rejection illustrates that the Examiner has merely pieced together disjointed portions of unrelated references to reconstruct Applicant’s claims.

For at least these reasons, Appellant contends that the rejection of Claim 29 is improper and should be reversed by the Board. Appellant respectfully requests favorable action with respect to Claim 29, together with Claims 30-39 that depend from Claim 29.

2. *Hauser, as relied upon by the Examiner, fails to disclose “identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return.”*

Furthermore, Appellant contends that *Hauser* does not disclose, teach, or suggest “*identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return,*” as recited in Claim 29. To the contrary, *Hauser* discloses that “[a]fter the merchandise is received at the central returns facility, the scannable bar code is scanned so that the merchandise can be sorted by merchant, and the merchandise is then inspected to determine if the merchandise authorized for return has been received.” (Abstract). Only then is “the appropriate merchant . . . advised” of the return. (Abstract). By disclosing that the merchant is not advised of the return until it is received at the central returns facility, the cited portions of *Hauser* teach away from “*identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return,*” as recited in Claim 29.

In the Final Office Action, the Examiner points to Column 7, line 67 through Column 8, line 5 of *Hauser* as teaching “a merchant electing to pre-authorize customers to return any purchased merchandise with which the customer are dissatisfied, without the need to obtain

further authorization of the return.” (Final Office Action, page 16). The Examiner further states that “[s]uch a merchant electing to pre-authorize customers to return any purchased merchandise are considered the identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return.” (Final Office Action, page 16). The Examiner’s comments indicate two things to Appellant. First and foremost, the Examiner’s comments amount to an acknowledgement that *Hauser* does not disclose, teach, or suggest Appellant’s step of “sending a second communication to the retailer identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return.” By the Examiner’s own admission, such steps are unnecessary in the system of *Hauser* since there is no “need to obtain further authorization of the return.”

The M.P.E.P. provides that “[a]ll words in a claim must be considered in judging the patentability of that claim against the prior art.” M.P.E.P. § 2143.03 (citing *In re Wilson*, 424 F.2d 1382, 165 U.S.P.Q. 494, 496 (C.C.P.A. 1970)). Claim 29 clearly recites a returns manager system that is operable to “identify the retailer . . . from which the at least one returned item was purchased” and “send a second communication to the retailer **identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return.**” Because the cited portions of *Hauser* disclose that authorization is not required and that “the appropriate merchant . . . [is] advised” of the return only “after the merchandise is received” (Abstract; Column 7, line 63 through Column 8, line 5), Appellant respectfully submits that neither *Hauser* nor *Junger* nor their proposed combination, disclose, teach, or suggest “*identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return,*” as recited in Appellant’s Claim 29.

For at least these additional reasons, Appellant contends that the rejection of Claim 29 is improper and should be reversed by the Board. Appellant respectfully requests favorable action with respect to Claim 29, together with Claims 30-39 that depend from Claim 29.

C. Claims 5, 6, 15, and 16

Dependent Claims 5, 6, 15, and 16 depend upon independent Claims 1 and 11, respectively, which Appellant has shown above to be allowable. Accordingly, dependent Claims 5 and 15 are not obvious over the *Junger-Hauser* combination at least because Claims 5, 6, 15, and 16 include the limitations of their respective independent claims.

Additionally, dependent Claims 5, 6, 15, and 16 recite elements that further distinguish the art. For example, Appellant contends that the proposed *Junger-Hauser* combination does not disclose, teach, or suggest “receiving a third communication at the returns manager system, the third communication comprising a request for general returns information **from the consumer**” and “providing a fourth communication from the returns manager system **to the consumer**, the fourth communication comprising data representing general returns information,” as recited in Claims 5 and 15. In the *Final Office Action*, the Examiner relies specifically on *Junger* for disclosure of the recited features and operations. However, Appellant submits that *Junger* is intended to be implemented between two intermediary sources of a product. With respect to the customer, *Junger* only discloses that a return is accepted “[w]hen a customer returns a product with a receipt,” “the serial numbers match,” and “all other return conditions are met.” (Column 2, lines 14-18). This occurs, however, at the retail store prior to the shipment of the merchandise to the product return center location. (Column 2, lines 14-26). Thus, even where the Examiner asserts that the “product return center location” of *Junger* is analogous to Appellant’s “returns manager system,” the product return center location of *Junger* does not communicate with the consumer or vice versa. Neither is there any need for such communication between the product return center location and the consumer. The features and operations recited in Claims 5 and 15 are completely absent from the teachings of *Junger* and *Hauser*.

For at least these reasons, Appellant contends that the rejections of Claims 5 and 15 are improper and should be reversed by the Board. Appellant respectfully requests favorable action with respect to Claims 5 and 15, together with Claims 6 and 16 that depend from Claim 5 and 15.

V. The Proposed Combination of *Junger* and *Hauser* is Improper

Assuming for purposes or argument that the proposed combination discloses the limitations of Appellant’s claims, which Appellant disputes above, it would not have been obvious to one skilled in the art to make the combination. The mere fact that references can be combined does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination. *In re Mills*, 916 F.2d 680 (Fed. Cir. 1990). The showing must be clear and particular. *See, e.g., C.R. Bard v. M3 Sys., Inc.*, 48 U.S.P.Q.2d 1225, 1232 (Fed. Cir. 1998). With regard to independent Claims 1, 11, 21 and 29, the Examiner speculates

that "it would have been obvious . . . to modify the method of *Junger*, to include the pre-authorization code obtained by the consumer and indicating prior approval of the return by a remote direct merchandiser from whom the item was purchased, as taught by *Hauser*, in order to provide a more efficient process of returning a merchandise." (Office Action, page 8 citing (*Hauser*, column 2, lines 5-6)). Appellant respectfully submits, however, that the objectives of the respective systems of *Junger* and *Hauser* do not provide a suggestion to combine these two references in the manner suggested by the Examiner.

It is essential to view the invention as a whole, taking each element into account as well as the advantages, properties, utilities, and results of the invention. *In re Chupp*, 816 F.2d 643, 2 U.S.P.Q.2d 1437 (Fed. Cir. 1987). As discussed above, the very principle and purpose of the system disclosed in *Junger* is the provision of a return system between two intermediary sources of a product. Specifically, *Junger* provides a system and method for obtaining batch reimbursement from a manufacturer for a retailer who has previously credited customers for the return of like items. With respect to the customer, *Junger* only discloses that a return is accepted "[w]hen a customer returns a product with a receipt," "the serial numbers match," and "all other return conditions are met." (Column 2, lines 14-18). However, *Junger* assumes that this transaction occurs prior to the receipt of the returned items for processing using the return system of *Junger*.

Conversely, Appellant has shown above that the system disclosed in *Hauser* provides customers of merchants "with a return authorization shipping label" that can then be used to return merchandise to a "central return facility." (Abstract). According to *Hauser*, "a return label is provided to the customer for inclusion with the merchandise being returned." (Column 2, lines 16-19). The customer then "ships the merchandise being returned to the return facility." Thus, while the objective of *Junger* is to provide for the processing of retailer returns on a batch-basis in a retailer-manufacturer context, the objective of *Hauser* is to provide for the processing of customer returns on an item-basis in a retailer-customer context. As a result, the solution proposed in *Junger* is drastically different from the solution proposed in *Hauser*, and one of ordinary skill in the art at the time of invention would not have been motivated to combine the disclosure of *Junger* with the disclosure of *Hauser*.

Furthermore, it is improper for an Examiner to use hindsight having read the Appellant's disclosure to arrive at an obviousness rejection. *In re Fine*, 837 F.2d 1071, 1075, 5 U.S.P.Q.2d 1596, 1600 (Fed. Cir. 1988). It is improper to use the claimed invention as an

instruction manual or template to piece together the teachings of the prior art so that the claimed invention is rendered obvious. *In re Fritch*, 972 F.2d 1260, 23 U.S.P.Q.2d 1780 (Fed. Cir. 1992). The inconsistencies in *Junger* and *Hauser*, as identified by Appellant above, evidences the Examiners reconstruction of Appellant's claims by using hindsight to piece together disjointed portions of analogous, but inconsistent references.

For at least these reasons, Appellant respectfully submits that the proposed *Junger-Hauser* combination is improper. Accordingly, the rejection of Appellant's claims over the proposed *Junger-Hauser* combination should be withdrawn.

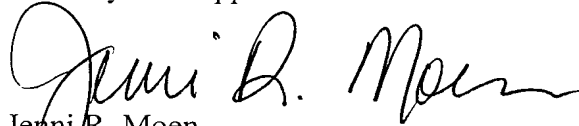
CONCLUSION

Appellant has demonstrated that the present invention, as claimed, is clearly distinguishable over the prior art cited by the Examiner. Therefore, Appellant respectfully requests the Board to reverse the final rejections and instruct the Examiner to issue a Notice of Allowance with respect to all pending claims.

The Commissioner is hereby authorized to charge \$255.00 for filing this Brief in support of an Appeal to Deposit Account No. 02-0384 of Baker Botts, L.L.P. No other fees are believed due; however, the Commissioner is authorized to charge any additional fees or credits to Deposit Account No. 02-0384 of Baker Botts, L.L.P.

Respectfully submitted,

BAKER BOTTS L.L.P.
Attorneys for Appellant



Jenni R. Moen
Reg. No. 52,038
(214) 953-6809

Dated: November 2, 2007

Correspondence Address:

at Customer No. **05073**

APPENDIX A

Pending Claims

1. **(Previously Presented)** A method of using a public communications network to manage the return of an item purchased by a consumer from a remote direct merchandiser, comprising the steps of:

receiving a first communication at a returns manager system, the first communication comprising return request data from a local returns site;

providing a second communication from the returns manager system to the local returns site, the second communication comprising return validation data having at least a return validation code;

validating the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site, the pre-authorization code obtained by the consumer and indicating prior approval of the return by a remote direct merchandiser from whom the item was purchased; and

crediting an account of the consumer for a return value of the returned item after validating the return;

wherein the first and second communications are communicated using a public communications network.

2. **(Original)** The method of Claim 1, wherein the public communications network is the Internet.

3. **(Original)** The method of Claim 1, wherein the public communications network is the public telephone network.

4. **(Original)** The method of Claim 1, wherein the public communications network is a combination of Internet access and public telephone access.

5. **(Previously Presented)** The method of Claim 1, further comprising:
receiving a third communication at the returns manager system, the third communication comprising a request for general returns information from the consumer; and
providing a fourth communication from the returns manager system to the consumer, the fourth communication comprising data representing general returns information.

6. **(Previously Presented)** The method of Claim 5, wherein the third and fourth communications are communicated using a website.

7. **(Original)** The method of Claim 1, further comprising the step of accessing return policy data representing disposal of the item as desired by the direct merchandiser.

8. **(Previously Presented)** The method of Claim 1, further comprising the step of providing the pre-authorization code to the consumer prior to the step of receiving return request data from the local returns site.

9. **(Original)** The method of Claim 8, wherein the step of providing a return validation code to the consumer is performed using a website accessed by the consumer.

10. **(Original)** The method of Claim 1, wherein the steps of receiving return request data and of providing return validation data are performed using a website.

11. **(Previously Presented)** A method of using a public communications network to manage the return of an item purchased by a consumer from a remote direct merchandiser, comprising the steps of:

receiving a first communication at a returns manager system, the first communication comprising return request data from a local shipper;

providing a second communication from the returns manager system to the local shipper, the second communication comprising return validation data having at least a return validation code;

validating the return by matching the return validation code with a pre-authorization code provided by the consumer to the local returns site, the pre-authorization code obtained by the consumer and indicating prior approval of the return by a remote direct merchandiser from whom the item was purchased; and

crediting an account of the consumer for a return value of the returned item after validating the return;

wherein the first and second communications are communicated using a public communications network.

12. **(Original)** The method of Claim 11, wherein the public communications network is the Internet.

13. **(Original)** The method of Claim 11, wherein the public communications network is the public telephone network.

14. **(Original)** The method of Claim 11, wherein the public communications network is a combination of Internet access and public telephone access.

15. **(Previously Presented)** The method of Claim 11, further comprising:
receiving a third communication at the returns manager system, the third communication comprising a request for general returns information from the consumer; and
providing a fourth communication from the returns manager system to the consumer, the fourth communication comprising data representing general returns information.

16. **(Previously Presented)** The method of Claim 15, wherein the third and fourth communications are communicated using a website.

17. **(Original)** The method of Claim 11, further comprising the step of accessing return policy data representing disposal of the item as desired by the direct merchandiser.

18. **(Previously Presented)** The method of Claim 11, further comprising the step of providing the pre-authorization code to the consumer prior to the step of receiving return request data from the local shipper.

19. **(Original)** The method of Claim 18, wherein the step of providing a return validation code to the consumer is performed using a website accessed by the consumer.

20. **(Original)** The method of Claim 11, wherein the steps of receiving return request data and of providing return validation data are performed using a website.

21. **(Previously Presented)** A method for managing a return of an item, comprising:

receiving, at a local returns site, a returned item purchased from an off-site retailer by a consumer;

using a public communication network to access, from the local returns site, a returns manager system that stores a return policy of the off-site retailer, the return policy comprising one or more return guidelines that must be met to validate a return of the returned item, a one of the one or more return guidelines requiring that preauthorization of the returned item is obtained by the consumer before the returned item is received at the local returns site, the preauthorization indicating prior approval of the return by a remote direct merchandiser from whom the item was purchased;

validating the return by determining that the return guidelines are met by the returned item; and

crediting an account of the consumer for a return value of the returned item after validating the return.

22. **(Previously Presented)** The method of Claim 21, wherein receiving the returned item comprises receiving the returned item at a local returns site, the local returns site off-site from the retailer.

23. **(Previously Presented)** The method of Claim 22, further comprising:
providing pre-authorization of the return to the consumer before the item is received at the local returns site.

24. **(Previously Presented)** The method of Claim 21, wherein receiving the returned item comprises receiving the returned item by a local shipper who communicates directly with the consumer.

25. **(Previously Presented)** The method of Claim 21, wherein accessing a returns manager system comprises:

transmitting a first communication comprising return request data to the returns manager system;

receiving a second communication comprising return validation data from the returns manager system, the return validation data comprising a return validation code.

26. **(Previously Presented)** The method of Claim 25, where the return request data comprises a pre-authorization code provided to the returns manager system by the consumer.

27. **(Previously Presented)** The method of Claim 21, further comprising:
accessing a rules-based disposition policy associated with the off-site retailer; and
selecting a disposition method for the returned product based on the rules-based disposition policy associated with the retailer.

28. **(Previously Presented)** The method of Claim 21, further comprising sending a communication from the returns manager system to the retailer identifying the item being returned by the consumer.

29. **(Previously Presented)** A system for managing a return of merchandise, comprising:

a retailer comprising a remote direct merchandiser from which one or more items may be purchased by a consumer;

a returns manager system communicatively coupled to the retailer over a public communications network, the returns manager system operable to:

receive a first communication identifying at least an item of merchandise to be returned by the consumer in the future;

identify the retailer as the remote direct merchandiser from which the at least one returned item was purchased by the consumer; and

send a second communication to the retailer identifying the item of merchandise to be returned by the consumer to provide the retailer with advance notification of the return.

30. **(Previously Presented)** The system of Claim 29, wherein the retailer is operable to:

receive the notification of the return of the item; and

update an accounting to reflect the status of the item as return pending.

31. **(Previously Presented)** The system of Claim 29, wherein the first communication is received from a local returns site communicatively coupled to the returns manager system.

32. **(Previously Presented)** The system of Claim 31, wherein the local returns site is operable to receive the returned item from the consumer.

33. **(Previously Presented)** The system of Claim 31, wherein the local returns site is operable to receive the returned item from a shipper.

34. **(Previously Presented)** The system of Claim 31, wherein the local returns site is operable to process the returned item.

35. **(Previously Presented)** The system of Claim 31, wherein the returns manager system is further operable to:

receive a third communication from the local returns site, the third communication comprising return validation data;

transmit a fourth communication to the local returns site, the fourth communication comprising return validation data having at least a return validation code.

36. **(Previously Presented)** The system of Claim 35, wherein the local returns site is further operable to:

validate the return by matching the return validation code with a pre-authorization code provided by the consumer; and

credit an account of the consumer for a return value of the returned item after validating the return.

37. **(Previously Presented)** The system of Claim 29, wherein the public communications network comprises an Internet, the first and second communications transmitted over the Internet.

38. **(Previously Presented)** The system of Claim 29, wherein the public communications network comprises a telephone network, the first and second communications transmitted over the telephone network.

39. **(Previously Presented)** The system of Claim 29, wherein the first communication identifies an order associated with the returned item.

APPENDIX B

U.S. Patent No. 6,085,172 issued to Junger



US006085172A

United States Patent [19]

Junger

[11] Patent Number: 6,085,172
[45] Date of Patent: Jul. 4, 2000

[54] METHOD AND APPARATUS FOR EFFICIENT HANDLING OF PRODUCT RETURN TRANSACTIONS

[75] Inventor: Peter Joseph Junger, Redmond, Wash.

[73] Assignee: Nintendo of America Inc., Redmond, Wash.

[21] Appl. No.: 09/065,552

[22] Filed: Apr. 24, 1998

Related U.S. Application Data

[63] Continuation-in-part of application No. 08/725,259, Oct. 2, 1996.

[51] Int. Cl.⁷ G06F 17/60

[52] U.S. Cl. 705/28

[58] Field of Search 705/1, 28; 707/104

[56] References Cited

U.S. PATENT DOCUMENTS

4,563,739	1/1986	Gerpheide et al.	705/28
5,159,560	10/1992	Newell et al.	364/479
5,216,612	6/1993	Cornett et al.	700/96
5,256,863	10/1993	Ferguson et al.	705/21
5,257,741	11/1993	Rode et al.	241/24.12
5,311,424	5/1994	Mukherjee et al.	705/29
5,478,990	12/1995	Montanari et al.	235/375
5,520,990	5/1996	Rotermund	428/195
5,602,377	2/1997	Beller et al.	235/462.15
5,745,036	4/1998	Clare	340/572.1
5,895,453	4/1999	Cook	705/22
5,978,774	11/1999	Rogers et al.	705/24
5,984,508	11/1999	Hurley	700/237

FOREIGN PATENT DOCUMENTS

845 749 A2 6/1998 European Pat. Off. G06F 17/60

OTHER PUBLICATIONS

Heller, Laura "High cost of returns prompts industry cooperation," Discount Store News, Oct. 1998.
"No more scamming super Mario," Automatic I.D. News, vol. 12, p. 15, Sep. 1996.

Computer City Moves to Consolidate Returns, Computer Retail week, v. 6, n. 125, p. 1 + , Jan. 22, 1996.

Dreamcom web page print out, www.dreamcomdirect.com/RMA.htm, May 25, 1997.

Dilger, Karen A., The Other Direction, Manufacturing Systems, v. 15, n. 10, pp. 12-13, Oct. 1997.

Nintendo Point of Purchase Mail-In Card.

1994 Nintendo Product Returns Policies and Procedures.

1995 Nintendo Product Returns Policies and Procedures.

1996 Nintendo Product Returns Policies and Procedures.

1992 Nintendo Product Returns Policy.

Primary Examiner—Edward R. Cosimano

Assistant Examiner—William R. McCarty

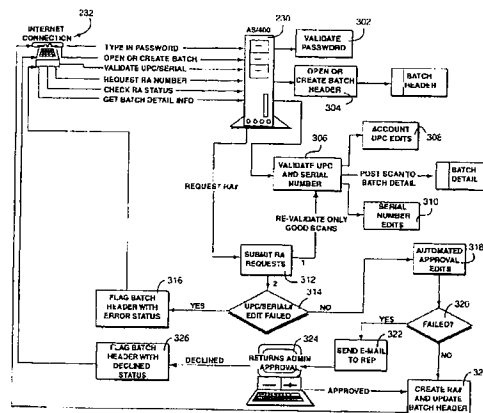
Attorney, Agent, or Firm—Nixon & Vanderhye P.C.

[57]

ABSTRACT

A method and apparatus for efficient handling of product returns to reduce associated costs. A computer system at a regional product return center scans a returned product for identifying information, accesses a manufacturer return approval computer system through the internet or the like, and then submits the identifying information to the manufacturer for return approval. The manufacturer computer system utilizes the identifying information to access an electronic registration database to determine whether the returned product satisfies applicable return criteria. If so, the product is approved for return to the manufacturer. The regional product return center preferably scans a plurality of returned products in a single session. In response to the product identifying information submitted by the regional product return center, the manufacturer provides a list of approved returns and unapproved returns, along with a return authorization number for the batch of approved returns. The regional product return center then assembles the approved product returns into a box, shipping pallet, or the like, applies a label indicating the return authorization label, and ships the batch to the manufacturer. Shipping costs can be saved by omitting rejected product returns from the shipment. The manufacturer can handle the approved product returns from the regional return center as a batch, thereby reducing costs.

56 Claims, 8 Drawing Sheets



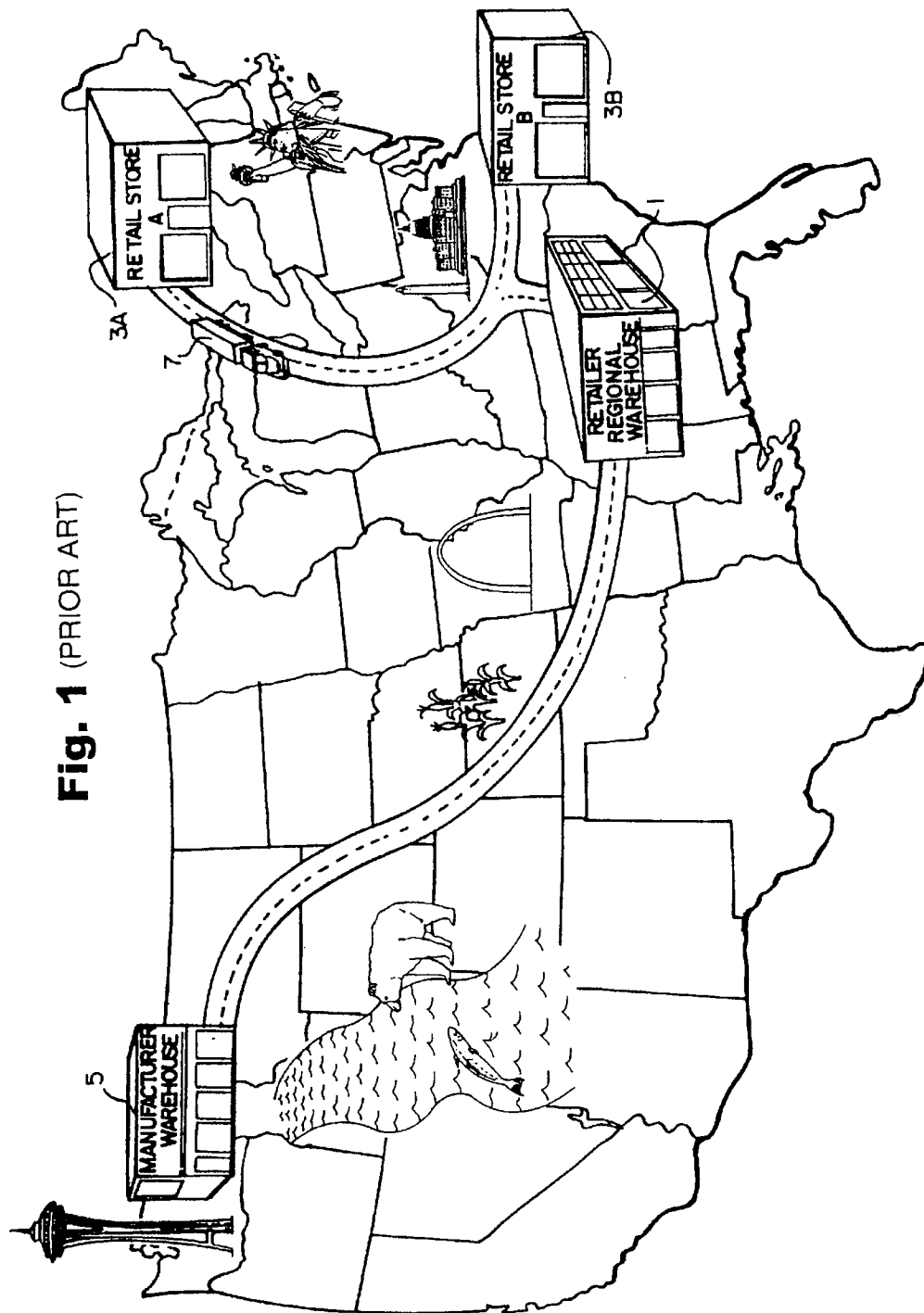


Fig. 1 (PRIOR ART)

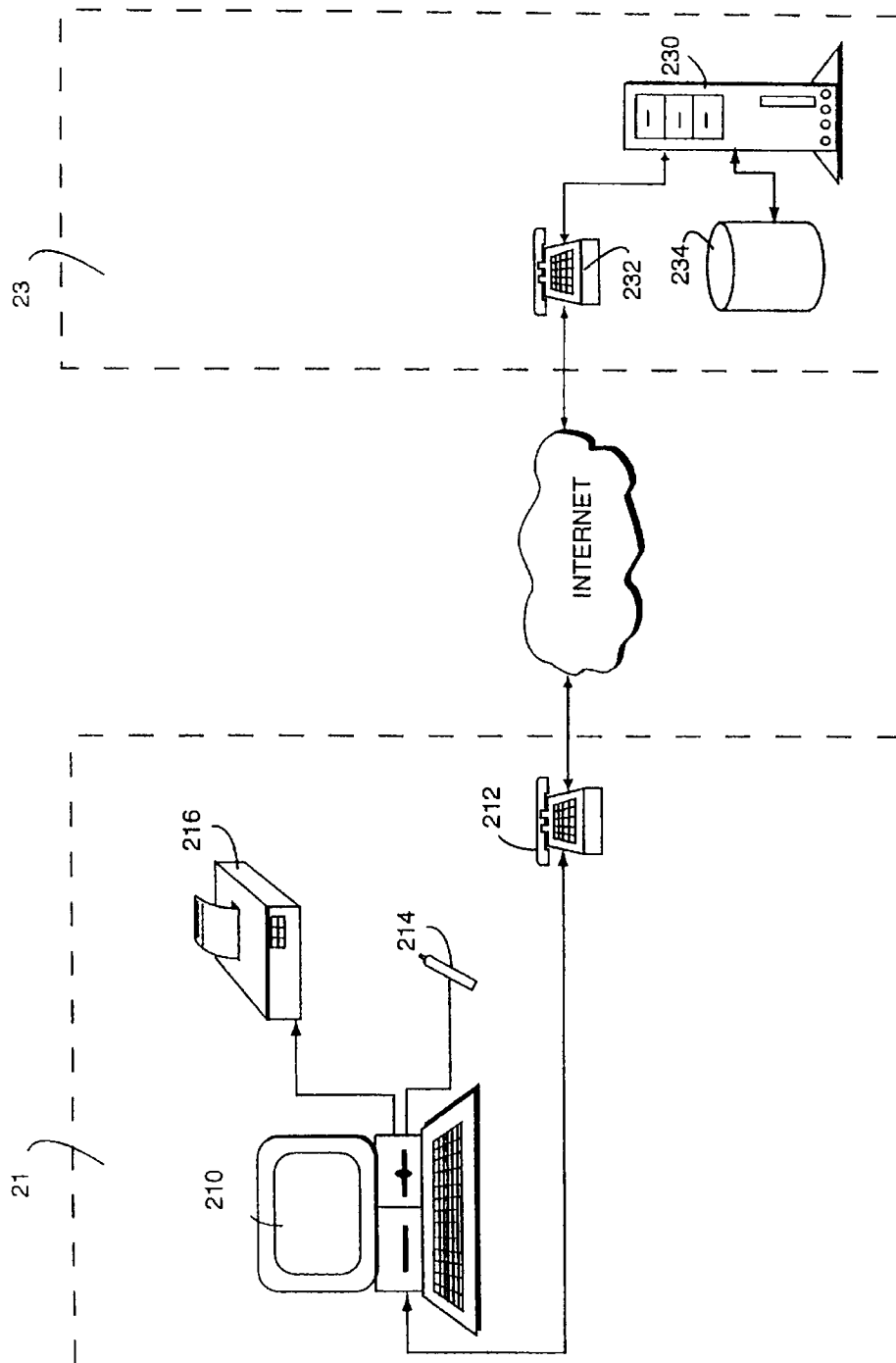
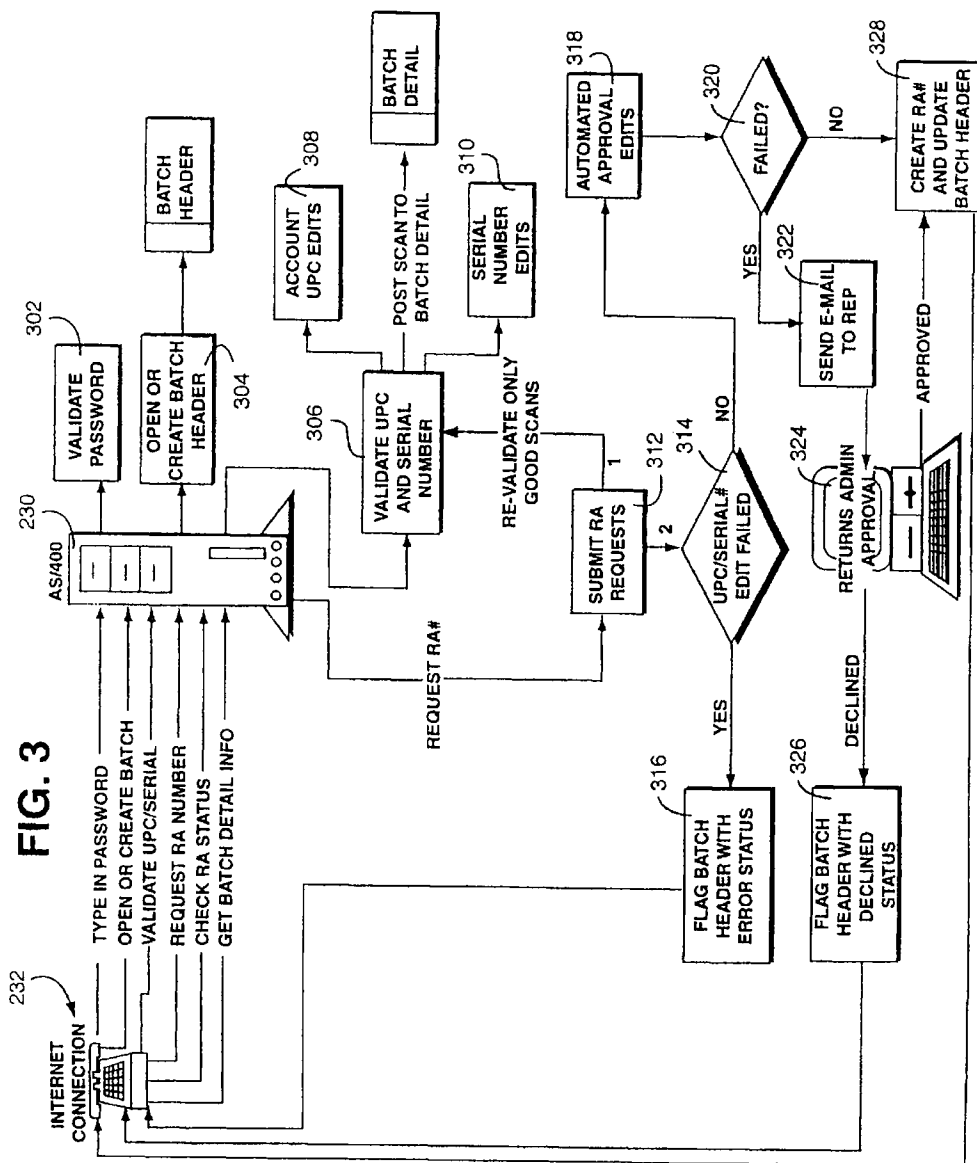
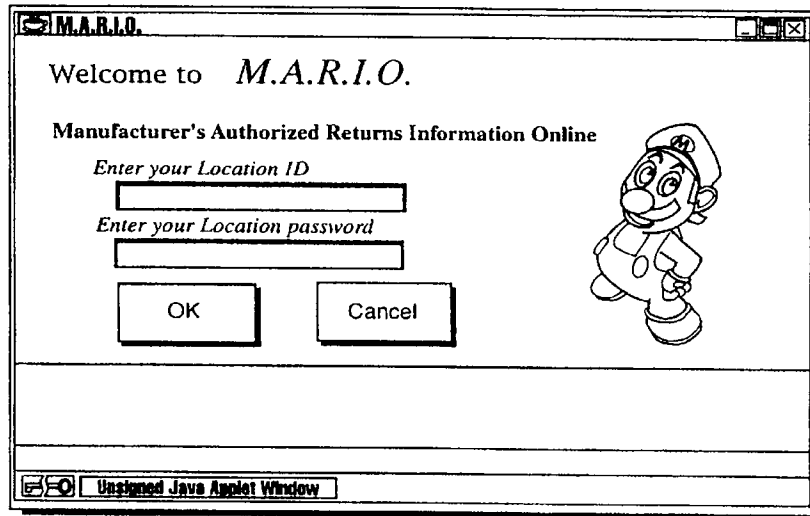


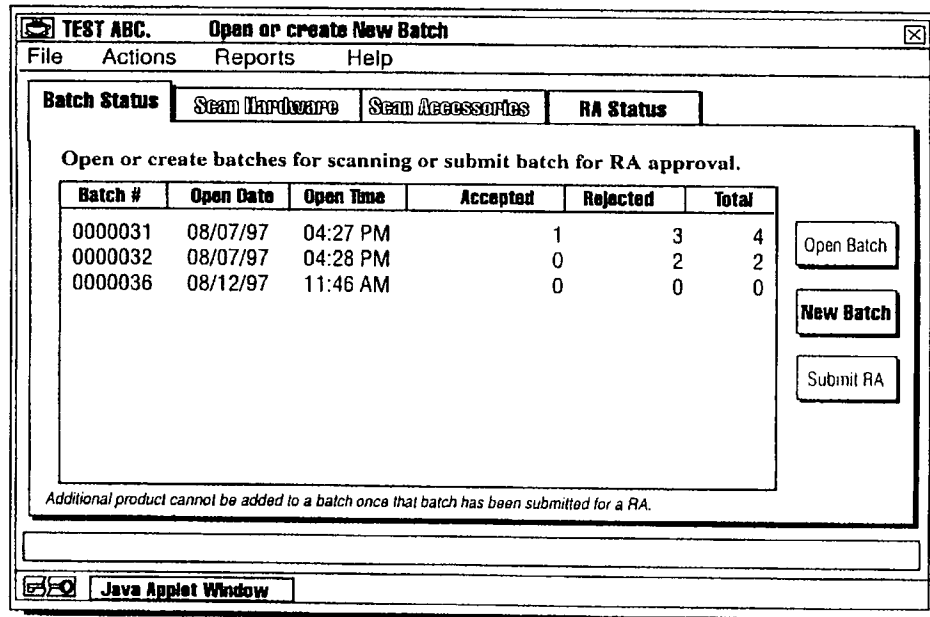
FIG. 2





A login window titled "M.A.R.I.O." with a cartoon character of Mario on the right. The text inside reads: "Welcome to M.A.R.I.O.", "Manufacturer's Authorized Returns Information Online", "Enter your Location ID", and "Enter your Location password". There are two input fields for the ID and password, and "OK" and "Cancel" buttons at the bottom. The window is labeled "Unsigned Java Applet Window" at the bottom.

FIG.4A



A window titled "TEST ABC. Open or create New Batch" with a menu bar (File, Actions, Reports, Help) and three tabs: "Batch Status", "Scan Hardware", and "Scan Accessories". The "Batch Status" tab is active, showing a table of batches and buttons for "Open Batch", "New Batch", and "Submit RA".

Batch #	Open Date	Open Time	Accepted	Rejected	Total
0000031	08/07/97	04:27 PM	1	3	4
0000032	08/07/97	04:28 PM	0	2	2
0000036	08/12/97	11:46 AM	0	0	0

Additional product cannot be added to a batch once that batch has been submitted for a RA.

FIG.4B

ABC Retail Stores Current Batch:0000018

File Actions Help

Batch Status Scan Hardware Scan Accessories RA Status

Scan defective hardware for return.

Upc Number Serial Number Store Reference

Validate

Ref.	UPC#	Serial#	Description	Scan Date	Scan Time	Store Ref
Y	00045496610043	UN456784XXE	ACTION SET	06/10/97	11:26:19	Z Store
	00045496610043	VN123456784	ACTION SET	06/10/97	11:27:10	Y Store

Java Applet Window

FIG.4C

REJECT REASON

UPC 00045496610288 Serial Number
N8134344131 was rejected because
Return warranty has expired.

OK

Java Applet Window

FIG.4D

ABC Retail Stores Current Batch:0000018

File Actions Help

Batch Status Scan Hardware **Scan Accessories** RA Status

Scan defective accessories for return.

Qty UPC Number Store Reference

Ref.	UPC#	Qty	Description	Scan Date	Scan Time	Store Ref
Y	00454969580117	1	Invalid	06/10/97	11:33:57	
	00045496580131	1	SUPER VHS CABLE	06/10/97	11:34:26	A Store

Java Applet Window

FIG.4E

ABC Retail Stores

Submit batch 0000018 for RA approval.

Please enter the following...

Contact Name (required)

Contact Phone Number (required)
 -

Customer Reference Number (optional)

Java Applet Window

FIG.4F

ABC Retail Stores

Submit batch 0000018 for RA approval.

Please verify the following information,

Contact Name: **David Koon**
Contact Phone: **(206) 861-2142**
Cust Ref: **CR 1234**

Address: **ABC Retail Stores**
4820 150 Ave NE
Redmond
WA 98052

Is this information correct?

Java Applet Window

FIG.4G

ABC Retail Stores **Current Batch:0000018**

File Actions Help

Batch Status **Scan Hardware** **Scan Accessories** **RA Status**

Scan batches submitted for RA.

Status	Batch#	Cust Ref	Tot Scans	Submitted	Approved	RA Number	Expire Date
Pending Approval	0000017		27.0	06/11/97			08/01/97
Approved	0000015	kb12444	21.0	06/10/97	06/10/97	915	08/10/97
Approved	0000016	noa11424556	4.0	06/13/97	06/13/97	918	06/20/97
Pending Approval	0000019		1.0				

Java Applet Window

FIG.4H

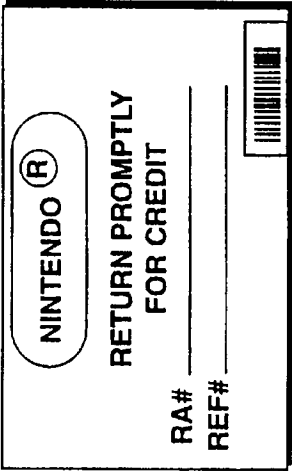
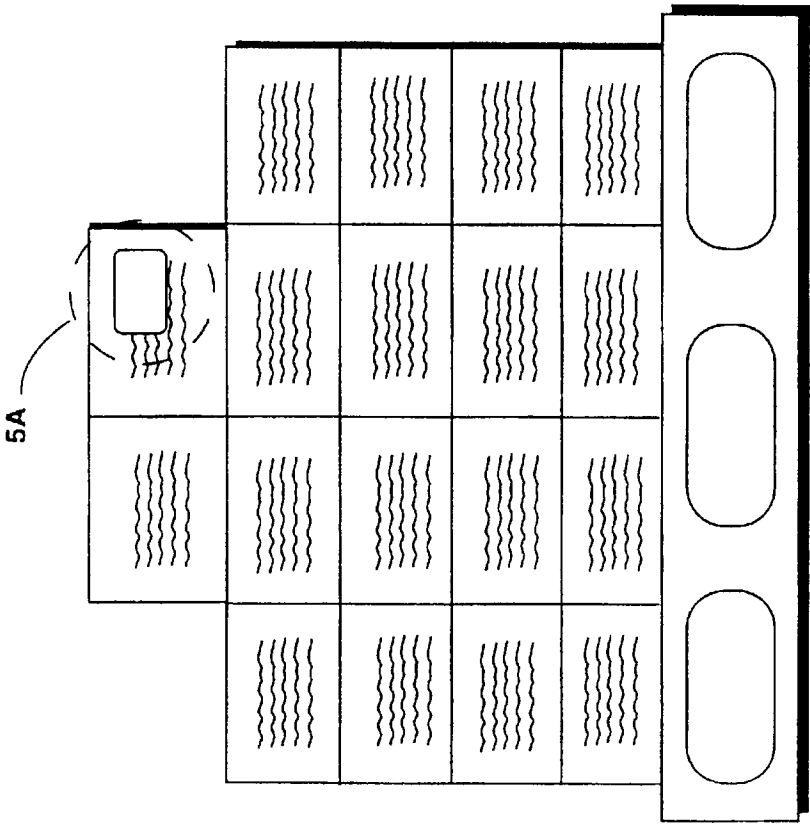


FIG. 5A

FIG. 5

METHOD AND APPARATUS FOR EFFICIENT HANDLING OF PRODUCT RETURN TRANSACTIONS

This application is a continuation-in-part of co-pending, commonly owned application Ser. No. 08/725,259, filed Oct. 2, 1996.

This application is related to co-pending, commonly owned application Ser. No. 09/314,023 filed May 19, 1999, now U.S. Pat. No. 5,978,774, which is a continuation of application Ser. No. 08/725,259.

BACKGROUND OF THE INVENTION

1. Field of the Invention

The present invention relates to a method and apparatus for efficient handling of product return transactions. More particularly, the present invention relates to a technique which permits a manufacturer or distributor of commercial products to quickly and inexpensively handle product returns while ensuring that the returned product satisfies applicable criteria for return.

2. Related Art

Product returns are a market reality faced by virtually every manufacturer, distributor, supplier or retailer of commercial products. Unfortunately, handling product returns often requires a significant expenditure of resources. For example, it may be necessary to employ one or more individuals to verify that product returns satisfy the requirements of a company's return policy. Alternatively, a company might choose to avoid the increased overhead associated with additional employees and be somewhat less diligent about verifying compliance with the return policy. However, this alternative can increase costs due to the higher number of improper product returns. Either way, additional costs must either be borne by the company or passed along to the consumer.

In addition to the costs associated with verifying compliance with a return policy, even proper product returns incur additional administrative costs. Examples of such costs include shipping and handling of the returned product, repackaging and redistribution of the returned product (if appropriate), disposal of certain returned products, and the like. These costs must also be borne either by the company or by the consumer in the form of higher prices.

It is, of course, desirable to minimize costs associated with product returns to permit reduced prices to the customer and/or provide improved operating margins for the manufacturer and/or the retailer. There are two major areas in which savings may be realized: (1) reducing the number of improper or fraudulent returns; and (2) improving efficiency and reducing overhead in handling proper returns.

One technique for reducing improper returns is disclosed in commonly owned, co-pending U.S. patent application Ser. No. 08/725,259, filed Oct. 2, 1996, in the names of Philip M. Rogers and Peter J. Junger, which is hereby expressly incorporated by reference in its entirety. Briefly, that application discloses an electronic system for registering product transactions to facilitate compliance with return policies and to reduce improper or fraudulent product returns under warranty. Such an electronic registration system enables individual product identification information to be gathered at the point of a transaction for inclusion in one or more transaction databases. Individual product identification information (such as a serial number) may be stored in a local transaction database along with additional information including at least the date of the transaction. A

transaction receipt, such as a customer sales receipt which includes the individual product identification information and the date of the transaction, can be created. Additionally, the individual product identification information and the transaction date may be communicated to a separate location for inclusion in a general transaction database.

Where a serial number is used to identify the individual product, a check digit is preferably used in conjunction with the serial number. In this way, the validity of the serial number can be verified and, if it is invalid, a retail sales clerk or other system operator is prompted to re-enter the serial number. The serial number may be scanned, entered with a keypad, or input with any other suitable technique.

When a customer returns a product with a receipt, a retailer may note the serial number appearing on the receipt and compare it to the returned product. If the serial numbers match and all other return conditions are met, the return may be accepted. When a customer returns a product with no receipt, or a receipt that does not have a correct serial number, the retailer may search the local database for sale information concerning the specific item being returned. If no sale information is located (for instance if another retailer sold the product), the general database may be accessed and searched for sales information, and the return handled accordingly.

This system is helpful in reducing improper or fraudulent product returns and, thus, in reducing costs associated with such returns. Additionally, by reducing the number of improper product returns and automating various product return functions, handling costs associated with product returns are likewise reduced. However, there continues to be a need to further reduce product return costs, particularly costs relating to processing proper product returns. Accordingly, it is a primary object of the present invention to provide a method and apparatus for efficient handling of product return transactions which reduces costs while ensuring against improper product returns.

BRIEF SUMMARY

In accordance with one aspect of the present invention, a computer system at a product return center location obtains identifying information for a product which is to be returned. In the disclosed example implementation, this identifying information is then submitted to a remote return approval computer system through the internet or the like. The return approval computer system may then utilize the identifying information to determine whether the returned product satisfies applicable return criteria. If so, the product is pre-approved for return. The product return location preferably obtains identifying information for a plurality of returned products at a time. In response to the product identifying information submitted by the product return location, the return approval location may provide a list of approved returns and unapproved returns, along with a return authorization number for a batch of approved returns. The product return location may then assemble the approved product returns and ship the batch to the return approval location. Shipping costs can be saved by omitting rejected product returns from the shipment. The return approval location can handle the approved product returns from the regional return center as a batch, thereby reducing costs.

BRIEF DESCRIPTION OF THE DRAWINGS

Various objects, features, characteristics and advantages of the present invention will be more completely understood and appreciated by careful study of the following more

3

detailed description of a presently preferred exemplary embodiment of the invention when read in view of the accompanying drawings, wherein:

FIG. 1 schematically illustrates a typical arrangement utilized in handling product returns;

FIG. 2 is a schematic diagram illustrating components which may be used in connection with a preferred example implementation of the present invention;

FIG. 3 is a data flow diagram illustrating operation of the system of FIG. 2;

FIGS. 4A through 4H illustrate various user interface screen displays which may be used in connection with an example implementation of the present invention;

FIG. 5 is a plan view of a pallet on which a plurality of returned goods is stacked for return to a manufacturer, including a batch return authorization label which may be placed on the pallet; and

FIG. 5A further illustrates the batch return authorization label of FIG. 5.

DETAILED DESCRIPTION OF A PREFERRED EMBODIMENT

The present invention is described in the context of a particular exemplary embodiment. However, it will be recognized by those of ordinary skill that modification, extensions and changes to the disclosed exemplary embodiment may be made without departing from the scope and spirit of the invention. For instance, although the invention is described primarily in the context of a retailer/manufacturer product return situation, the features, characteristics and advantages of the present invention could likewise be applied to a store/headquarters situation, a retailer/distributor situation, or a distributor/manufacturer situation. Also, it should be appreciated that the term "manufacturer" is used in a broad sense and may include, for example, a supplier of goods that are sold under the supplier's label, but are manufactured by another company on behalf of the supplier. In short, the present invention is not limited to the particular forms disclosed.

Referring now to FIG. 1, an example of a typical arrangement for handling product returns is illustrated. The present invention, of course, is applicable to other arrangements as well. In the example arrangement of FIG. 1, a regional warehouse 1 operated by a large retail chain collects product returns from local retail stores 3A and 3B. In the illustrated example, retail store 3A is located in the Northeast United States and retail store 3B serves the mid-Atlantic region; the retailer regional return center warehouse 1 is located in the South; and the manufacturer warehouse 5 is in the Pacific Northwest. Of course, this example is for illustrative purposes only, and it should be appreciated that other local retail stores, regional return centers, etc. would be present in an actual return network. Also, it should be understood that a product return network typically would be operated in conjunction with a product distribution network.

After the returned products arrive at the regional warehouse 1, they are sorted by manufacturer and/or product, and are shipped from the regional warehouse 1 to the manufacturer warehouse 5 for credit or replacement. The manufacturer then inspects the returned products to ensure that they comply with necessary return conditions and, if appropriate, issues a credit or replacement product.

Each step of the foregoing example return process involves various processing and handling requirements. For example, personnel at the local retail store must first review

4

the product for compliance with applicable return requirements (e.g., ensure that the product is returned within the specified return period and verify that all parts have been returned), and then arrange for shipment to the appropriate regional warehouse by way of a truck 7 or other suitable means of transportation.

Employees at the regional warehouse must unload the products received from the local retail stores, sort them by manufacturer and/or product, prepare them for shipment (e.g., place the returned products on shipping pallets), and arrange for the shipment to the manufacturer. Finally, the manufacturer must receive the returned product shipment, verify that the returns are proper, repackage the returned products if appropriate, and conduct necessary bookkeeping to ensure that the retailer receives proper credit for the return. It is noted that the foregoing is not an exhaustive list of the costs and efforts associated with processing product returns by the retail stores, the regional return center warehouses, and the manufacturers.

The present invention may be utilized, for example, in connection with operations at the retailer regional return center warehouse 1 to reduce costs incurred by both the return center and the manufacturer. In accordance with one aspect of the present invention, significant cost savings can be realized by reducing or eliminating unnecessary shipping costs by making a relatively early determination whether a product return will ultimately be accepted by the manufacturer or the like. If not, the returned product need not be handled further, thereby reducing costs.

In accordance with another aspect of the present invention, advance return authorization may be obtained for a plurality of products at one time to establish an approved product return batch. The approved batch may be properly labeled prior to return to the manufacturer. In this way, product returns may be easily and efficiently handled in batches rather than as individual units, thereby improving efficiency and reducing costs.

Referring now to FIG. 2, an example implementation of the present invention includes a return side portion 21 and a manufacturer side portion 23 which are operable to communicate over an internet connection 25. Briefly, the return side portion 21 may include a personal computer 210 that includes, for example, an Intel 486 processor or higher with at least 16 MB of RAM, a Microsoft Windows 95 or Windows NT operating system, and browser software such as Netscape Navigator 4.0 or higher. The personal computer may also include a modem for direct connection to an internet provider through a dedicated telephone connection 212. Alternatively, an internet connection may be made by the personal computer 210 over a corporate network. Also, it may be possible to utilize a direct telephone link by modem between the return side portion 21 and the manufacturer side portion 23 or even a hardwired connection.

A bar code scanner 214 is provided for scanning bar coded SKU and, possibly, serial numbers for returned products. Additionally, a printer 216 is provided for printing transaction records and, if desired, printed versions of return authorizations from the manufacturer. As will be discussed below in greater detail, manually prepared return authorization forms may be used as an alternative to printed return authorizations.

The manufacturer side portion 21 includes a computer system 230 utilizing, for example, an IBM AS/400 computer and having an associated data storage unit 234 for storing an electronic product registration database. The manufacturer side computer system 230 is capable of communicating with

5

the return side portion 21 over an internet connection though telephone connection 232. As noted previously, other communication techniques between the manufacturer side portion 23 and the return side portion 21 may also be utilized.

After the regional retailer return facility receives products for return to the manufacturer, the return side portion 21 may access the manufacturer side portion 23 to screen the products for compliance with return requirements and to obtain pre-authorization of the returns. In particular, the return side computer 210 connects to the manufacturer side computer 230 by way of the internet or through other appropriate communication techniques. In the present example embodiment, the manufacturer side computer maintains a world wide web page for access by the regional return center. Password protection may be provided to ensure only authorized retailers are able to access return pre-authorization features in accordance with the present invention. For example, each return center location that is permitted access to the pre-authorization features may be assigned a location identification code and a password. In such a case, both the location identification code and the password would be required before access is granted to the product return screening program.

FIG. 3 is a logic flow chart for the manufacturer side computer 230 in screening returned products and processing pre-authorization requests from the regional return center. As indicated in the top portion of FIG. 3, the user first enters the appropriate location identification code and password. FIG. 4A illustrates a screen which may be displayed at the return side computer to prompt the user to enter the location identification and password. Once this information is received by the manufacturer side computer, the password is validated at function block 302. If desired, appropriate application maintenance procedures may be implemented upon validation of the password.

Upon verification of the location identification code and the password, the manufacturer side computer 230 may cause a screen such as is illustrated in FIG. 4B to be displayed at the return side computer 210. As shown in FIG. 4B, existing batches saved in memory at the manufacturer side computer 230 are listed. Existing batches are those for which return products have been scanned, but which have not yet been submitted for return authorization. Preferably, items can only be added or deleted from a batch up to the time that the batch is submitted for return authorization. In the present example implementation of the invention, once the batch is submitted for return authorization, it will no longer be displayed on the batch status screen, but can be viewed from the RA Status screen described below in connection with FIG. 4H.

It is possible to display a number of information items on the batch status screen in addition to the batch number. For example, the batch status screen shown in FIG. 4B displays the date and time the batch was opened, the total number of products that have been screened for return validation, the number of accepted items, and the number of rejected items. Of course, additional information could be displayed if desired.

A number of options are offered to the return center operator on the batch status screen illustrated in FIG. 4B. In particular, the return center operator may open an existing batch, create a new batch, or submit a batch to the manufacturer for return authorization. To open an existing batch, the desired batch may be selected in a conventional fashion by using a mouse to highlight the batch number and then clicking on the "Open Batch" button. Similarly, a high-

6

lighted batch may be submitted for return authorization by clicking the "Submit RA" button. A new batch can be created by clicking the "New Batch" button.

A batch must be set up prior to screening returned products for return authorization. Depending on user preference, the return center operator may establish a new batch for each pallet of returned products that is screened for return authorization, each bill of lading, or based on the date that the products are scanned. It is not necessary to limit the number of products that can be scanned for each batch.

Referring again to FIG. 3, when the return center operator either opens an existing batch or creates a new batch, control passes to function block 304. For a new batch, the manufacturer side computer 230 creates a batch header which includes information identifying the assigned batch number, any customer reference numbers, the return center address, the name and telephone number of a customer contact person, and the status of the batch (e.g., product entry stage, pending approval, approved, declined, RA assigned, etc.). A new batch number will be assigned each time "New Batch" is selected. If an existing batch is opened, the header information is retrieved from memory associated with the manufacturer side computer 230.

Once a batch is opened, the system is now ready to screen returned products. Depending on the type of product for which return authorization is sought, the return center operator selects either "Scan Hardware" or "Scan Accessories" by clicking the appropriate button (FIG. 4B).

Referring now to FIG. 4C, to screen hardware product returns for compliance with return criteria, the return center operator is prompted to enter the Universal Product Code (UPC) number for the product, the product serial number, and a store reference code (if desired). This information may be entered by scanning bar codes on the product with wedge scanner 214 (FIG. 2), or alternatively by typing the information on the keyboard associated with return side computer 210. Other appropriate techniques may be employed as well. The user may then click the "Validate" button to instruct the manufacturer side computer 230 to screen the product for return approval.

As shown in FIG. 4C, the Scan Hardware screen then displays the submitted information including the UPC code, the serial number, a description of the product, the date and time it was entered, and the store reference if any. Again, other items could be displayed if desired.

Although various techniques may be used for validating the screened products for compliance with return criteria, the electronic registration system disclosed in the previously identified co-pending U.S. patent application Ser. No. 08/725,259, filed Oct. 2, 1996, is preferred for use in connection with the present invention. Briefly, such an electronic registration system establishes a database which then may be accessed at the time of product return to determine the date of original sale and other information pertinent to determining whether return requirements are met.

When the manufacturer side computer 230 receives UPC and serial number information for return validation, control passes to function block 306 of FIG. 3. The manufacturer side computer 230 then checks the electronic registration database to ensure that the identified product meets product return criteria, and posts the scanned information to a batch detail file. The batch detail file preferably includes the UPC number, the serial number, an indication of product quantity, and status (e.g., pending approval, approval good, error, or approval declined). The electronic registration database may

then be edited to indicate that the product identified by the UPC code (function block 308) and serial number (function block 310) has been screened for return. Accordingly, the manufacturer side computer 230 can keep track of products that have already been screened to avoid multiple submissions of a single product for return.

There may be a number of reasons a hardware system will not qualify for return credit or replacement. For example, the warranty period may have expired, the serial number might not have been registered, an invalid serial number may have been received, the packaging may be missing, a major component of the product may be missing, or the item might be non-returnable as part of the conditions of sale. If the product does not qualify for return, the return center can retain the rejected product rather than ship it to the manufacturer, thereby saving the cost of freight for shipping a product that does not qualify for credit.

A note is displayed across the bottom of the screen of the Scan Hardware screen when a hardware unit does not qualify for return. The displayed message is preferably for the last item scanned. If the return center operator would like to review the reason a previously scanned item did not qualify for return credit, the operator may select "Actions" from the screen menu to see a list of available options. The operator may then select "Reasons" to see a description of the reason the unit was rejected. An example of a displayed reject reason is shown in FIG. 4D. Scanning may be resumed by pressing the <Esc> key on the return side computer keyboard to close the menu screen. The scanning process is repeated for each hardware item for which screening is sought.

Ideally, the return center operator stacks items qualifying for return on a shipping pallet or the like. Non-qualifying items should be stacked on a separate pallet. It will then be unnecessary for return center personnel to later sort through the products a second time to separate qualifying products from non-qualifying products.

The Scan Accessories display screen is illustrated in FIG. 4E. The return center operator is prompted to enter the quantity of the accessory that is to be scanned. For example, if return authorization is to be requested for three VHS cables, the operator will input "3" and then use the <TAB> button on the return side computer keyboard to advance the cursor to the UPC Number field. The UPC number may then be scanned or entered manually on the keyboard. If a Store Reference code is used it may be entered prior to clicking the "Validate" button.

Once pre-screening is completed for the hardware and accessories, the return center operator may move back to the "Batch Status" screen. The batch may then be submitted for return authorization by clicking the "Submit RA" button. Referring now to FIG. 4F, the return center operator is preferably prompted to enter the name and phone number of the person who should be contacted with information or questions concerning the return authorization request. If desired, a customer reference number (e.g., a bill of lading number, file number, invoice number, etc.) may be entered for an internal reference to identify the return authorization. If the information on the screen is not filled in or "Cancel" is selected, the batch will not be submitted for return authorization. However, the batch will continue to be visible from the "Batch Status" screen.

Referring again to FIG. 3, control goes to function block 312 upon submission of a return authorization request. First, the return center operator is asked to verify the contact information. An example of an appropriate contact verifi-

cation screen for display on the return side computer 210 is shown in FIG. 4G. If the contact information is verified, the manufacturer side computer 230 re-validates the good scans included in the submitted batch. Control then proceeds to function block 314. If the good scans fail re-validation, control proceeds to function block 316, which flags the batch header with an error indication, and notifies the return center operator of the failure. Otherwise, control proceeds to function block 318 for automated approval.

Function block 320 checks to determine whether the automated approval process was successful. If not, an e-mail message may be sent to a manufacturer's representative for the particular return center (function block 322). The return authorization request may then be reviewed manually to determine whether the request should be approved (function block 324). If the manual review shows that the request was properly rejected, the batch is flagged with an indication that the request was rejected, and the return center is notified of the rejection (function block 326). However, if the request is approved, control passes to function block 328 to create a return authorization number and update the batch header to indicate the approved status. As indicated in FIG. 3, control may also pass to function block 328 by way of function block 320 if the automated approval process is successful.

FIG. 4H illustrates an example of an RA Status display screen which may be used to inform the return center operator of the status of a return authorization request. As shown, the RA Status screen lists the authorization status (e.g., pending, approved, rejected), the batch number, the customer reference number if any, the number of scans in the batch, the submission date, the approval date if applicable, the RA number if applicable, and the expiration date by which the return must be completed.

Once the RA has been submitted and approved, the system may also provide the dollar value of the product that is authorized for return. This dollar value may be based on the lower of 1) the gross invoice price paid by the Dealer for the product, less the value of all allowances and incentives given to the Dealer, or 2) the vendor's net product pricing at the time of the return. In most cases, the dealer may deduct the monetary value of authorized returns from any existing or future vendor invoices. Additionally, the system can be configured to comply with a vendor's specific returns policy and guidelines.

The RA number should be placed on the products prior to shipping to the manufacturer for credit. Referring now to FIGS. 5 and 5A, the RA number listed on the RA Status display screen may be written on an adhesive label supplied by the manufacturer along with the customer reference number (if applicable). Alternatively, the printer 216 (FIG. 2) may be used to print labels upon receipt of a return authorization number. Such labels are preferably placed on all four sides of the shipping pallet, the pallet is shrink wrapped and shipped to the manufacturer. The pallet should be shipped immediately to guard against expiration of product return dates. Of course, other shipping containers may be used as well.

The return authorization labels provide an easy reference to personnel at the manufacturer warehouse and permit simple and efficient processing of the returned. Because the returned products are received in a batch and have been pre-approved for return credit, less work is required in reviewing the returned products to verify compliance with return criteria. As a result, the resources required to process the shipment are reduced, and the manufacturer is able to more quickly credit the return center for the returned products.

While the invention has been described in connection with what is presently considered to be the most practical and preferred embodiment, it is to be understood that the invention is not to be limited to the disclosed embodiment, but on the contrary, is intended to cover various modifications and equivalent arrangements included within the spirit and scope of the appended claims.

What is claimed is:

1. A method for efficient processing of product returns from a retailer's facility to a manufacturer's facility, comprising:

entering at the retailer's facility unique identifying information for each product for which return authorization is sought;

transmitting the unique identifying information to a general database for a determination of whether applicable return criteria are met for each product for which return authorization is sought;

obtaining a return authorization from the general database for products which qualify for return; and

shipping the products which qualify for return along with an identification of the return authorization to the manufacturer's facility to obtain credit for the returned products.

2. The method of claim 1, wherein the unique identifying information is entered by scanning a bar code for the product.

3. The method of claim 1, wherein the general database is located at a remote location, and the transmitting step is accomplished by establishing electronic communication with the remote location.

4. The method of claim 3, wherein the remote location is a manufacturer facility for processing product returns.

5. The method of claim 4, wherein the general database includes a product registration database containing information received on purchased products including date of purchase, and further wherein the general database includes the applicable return criteria for the products.

6. The method of claim 1, wherein the return authorization is a return authorization number and wherein the shipping step includes labeling the return authorization number on a shipping package.

7. A method for pre-authorizing product returns from a retailer's facility to a manufacturer's facility comprising:

receiving from the retailer's facility unique identifying information for each product for which return authorization is sought;

evaluating the unique identifying information to determine whether applicable return criteria are met for each product for which return authorization is sought;

creating a return authorization for products which qualify for return and forwarding the return authorization to the retailer's facility, wherein an identification of the return authorization will accompany the products which qualify for return when the products are returned to the manufacturer's facility.

8. The method of claim 7, wherein the unique identifying information includes a universal product code and a product serial number, and wherein the evaluating step includes accessing a product registration database to verify that the identified product complies with return criteria.

9. The method of claim 7, wherein the receiving step obtains the unique identifying information by way of electronic communication.

10. An apparatus for obtaining pre-authorization of product returns from a retailer's facility to a manufacturer's

facility, comprising a local computing system having an associated data entry device and display device located at the retailer's facility, and being capable of communicating with the manufacturer's facility, the data entry device being operable to enter unique identifying information for each product for which return pre-authorization is sought, the local computing system operating in response to the unique identifying information to communicate the product identifying information to the manufacturer's facility and, thereafter, operating in response to a return authorization received from the manufacturer's facility to display the return authorization on the display.

11. The apparatus of claim 10, wherein the data entry device includes a scanner operable to read a product bar code indicating at least one of a universal product code and a product serial number.

12. The apparatus of claim 11, wherein the data entry device further includes a keyboard for manual entry of the unique identifying information.

13. The apparatus of claim 10, wherein the local computing system communicates with the manufacturer's facility by way of an internet connection.

14. A method of reducing unauthorized returns of purchased products from a retailer's facility to a manufacturer's facility, comprising:

(a) maintaining a product information database remote from the retailer's facility for each purchased product, wherein the product information database includes return criteria for purchased products;

(b) transmitting unique product identification information from the retailer's facility to a host system having access to said product information database, wherein the unique product identification information uniquely identifies a product for which a return is sought;

(c) using the host system to access the product information database to determine a return criteria for the product based on the unique product identification information;

(d) determining whether the product qualifies for return based on the return criteria;

(e) transmitting to the retailer's facility a return qualification message if the product qualifies for return; and

(f) accepting the product for return at the manufacturer's facility if the return qualification message has been transmitted to the retailer's facility.

15. A method of reducing unauthorized returns of purchased products from a retailer's facility to a manufacturer's facility, comprising:

(a) maintaining a product information database remote from the retailer's facility for each purchased product, wherein the product information database includes return criteria for purchased products;

(b) transmitting unique product identification information from the retailer's facility to a host system having access to the product information database, wherein the unique product identification information uniquely identifies a product for which a return is sought;

(c) accessing the database to determine a return criteria for the product based on the unique product identification information;

(d) determining whether the product qualifies for return based on the return criteria;

(e) transmitting to the retailer's facility a return qualification message if the product qualifies for return;

(f) accepting the product for return at the manufacturer's facility if the return qualification message has been transmitted to the retailer's facility; and

11

(g) further including repeating steps (b) through (e) for a plurality of products for which return is sought, and transmitting a return authorization to the retailer's facility covering a batch of products which qualify for return, wherein accepting the product for return includes receiving the batch of products at the manufacturer's facility along with the return authorization.

16. The method of claim 15, wherein the manufacturer's facility is a manufacturer's facility for processing product returns.

17. The method of claim 16, wherein the retailer's facility is a retailer's central facility for processing product returns received from the retailer's retail outlets.

18. The method of claim 15, wherein the step of transmitting unique product identification information is accomplished by establishing electronic communication between the retailer's facility and the host system.

19. The method of claim 18, wherein establishing the electronic communication is achieved by way of an internet connection.

20. The method of claim 15, wherein the step of transmitting a return qualification message is accomplished by establishing electronic communication between the retailer's facility and the manufacturer's facility.

21. The method of claim 20, wherein establishing the electronic communication is achieved by way of an internet connection.

22. A method of reducing unauthorized returns of purchased products of different types from a retailer's facility to a manufacturer's facility, comprising:

- (a) maintaining a general product information database, wherein the general product information database includes information indicating date of purchase for each purchased product;
- (b) defining a particular return criteria for each of the different types of products;
- (c) transmitting unique product identification information from the remote location to a host system having access to said general product database, wherein the unique product identification information uniquely identifies a product for which a return is sought;
- (d) accessing the general product information database to determine a date of purchase for the product based on the unique product identification information;
- (e) determining whether the product qualifies for return based on the date of purchase and the return criteria defined for the particular product type;
- (f) transmitting to the retailer's facility a return qualification indicator if the product qualifies for return; and
- (g) accepting the product for return at the manufacturer's facility if the return qualification indicator has been sent to the retailer's facility.

23. A method of reducing unauthorized returns of purchased products of different types from a retailer's facility to a manufacturer's facility, comprising:

- (a) maintaining a general product information database, wherein the general product information database includes information indicating date of purchase for each purchased product;
- (b) defining a particular return criteria for each of the different types of products;
- (c) transmitting unique product identification information from the remote location, wherein the unique product identification information uniquely identifies a product for which a return is sought;

12

(d) accessing the general product information database to determine at least a date of purchase for the product based on the unique product identification information;

(e) determining whether the product qualifies for return based on the date of purchase and the return criteria defined for the particular product type;

(f) transmitting to the retailer's facility a return qualification indicator if the product qualifies for return;

(g) accepting the product for return at the manufacturer's facility if the return qualification indicator has been sent to the retailer's facility; and

(h) further including repeating steps (c) through (f) for a plurality of purchased products for which return is sought, and transmitting a return authorization to the retailer's facility covering a batch of products which qualify for return, wherein accepting the product for return includes receiving the batch of products at the manufacturer's facility along with the return authorization.

24. The method of claim 23, wherein the manufacturer's facility is a manufacturer's facility for processing product returns.

25. The method of claim 24, wherein the retailer's facility is a retailer's central facility for processing product returns received from the retailer's retail outlets.

26. The method of claim 23, wherein the step of transmitting unique product identification information includes establishing electronic communication between the retailer's facility and the host system.

27. The method of claim 26, wherein establishing the electronic communication is achieved by way of an internet connection.

28. The method of claim 23, wherein the step of transmitting a return qualification indicator is accomplished by establishing electronic communication between the host system and the retailer's facility.

29. The method of claim 28, wherein establishing the electronic communication is achieved by way of an internet connection.

30. The method of claim 23, wherein the step of defining a return criteria for each of the plurality of different types of products includes defining different return criteria for products manufactured by different manufacturers.

31. The method of claim 23, wherein the step of defining a return criteria for each of the plurality of different types of products includes defining different return criteria for products sold by different retailers.

32. A method of handling product returns at a retailer's facility for return to a manufacturer's facility, comprising:

transmitting a unique product identifier from the retailer's facility to a host system having access to a product database containing information on products purchased from the retailer, wherein the unique product identifier uniquely identifies a product for which a return is sought;

obtaining from the host system a return qualification message for the product if the product is determined by the host system to qualify for return based on the unique product identifier and a predefined return criteria for the product; and

returning the product to the manufacturer's facility if the return qualification message is received from the host system.

33. The method of claim 32, wherein the manufacturer's facility is a manufacturer's facility for processing product returns.

13

34. The method of claim 33, wherein the retailer's facility is a retailer's central facility for processing product returns received from the retailer's retail outlets.

35. The method of claim 32, wherein the step of transmitting is accomplished by establishing electronic communication between the host system and the retailer's facility.

36. The method of claim 35, wherein establishing the electronic communication is achieved by way of an internet connection.

37. The method of claim 32, wherein the step of obtaining a return qualification message from the host system is accomplished by establishing electronic communication between the host system and the retailer's facility.

38. The method of claim 37, wherein establishing the electronic communication is achieved by way of an internet connection.

39. A method of handling a batch of product returns at a retailer's facility for return to a manufacturer's facility, wherein the batch of products includes different types of products, the method comprising:

transmitting a unique product identifier to a host system for each product in the batch of products for which return is sought, wherein the host system has access to a general database containing information on said products;

obtaining in response to the transmitting step return qualification indicators for the products in the batch of products, respectively, wherein the return qualification indicators indicate for each product in the batch whether the product has been determined by the host system to qualify for return based on the unique product identifier and a predefined return criteria for each of the different types of products.

separating the products which qualify for return from the batch of products to define a returnable batch of products based on the return qualification indicators; and returning the returnable batch of products to the manufacturer's facility.

40. The method of claim 39, wherein separating includes receiving a batch return authorization code for the returnable batch of products, and wherein returning the returnable batch of products includes labeling a shipping package containing the returnable batch of products with the batch return authorization code.

41. The method of claims 39, wherein the unique identifying information is obtained from the product by scanning a bar code on the product.

42. The method of claim 39, wherein the step of transmitting a unique product identifier is accomplished by establishing electronic communication between the host system and the retailer's facility.

43. A system for efficient processing of returns of purchased products from a retailer's facility to a manufacturer's facility, comprising;

a first information processing system having a product registration database containing information on purchased products and return criteria for purchased products;

a second information processing system located at the retailer's facility operable to receive input on a purchased product sought to be returned and to transmit to the first information processing system a unique product identifier based on the input;

the first information processing system being operable to: receive the unique product identifier; access the product registration database and determine whether the product qualifies for return based on the unique product identifier and the return criteria; and transmit to the first information processing system a return qualification indicator if the product qualifies for return.

14

44. A system as defined in claim 43, wherein the second information processing system includes a display which is operable to display the return qualification indicator once received from the first information processing system.

45. A system as defined in claim 43, wherein the first and second information processing systems are operable to establish a communication link therebetween by an internet connection.

46. A system as defined in claim 43, wherein the first information processing system is located at the manufacturer's facility.

47. A system as defined in claim 46, wherein the second information processing system is located at a retailer's central facility for processing product returns received from the retailer's retail outlets.

48. A system as defined in claim 43, wherein the second information processing system includes a product scanner operable to generate the input by scanning the product.

49. A system as defined in claim 43, wherein the scanner is operable to read a product bar code indicating at least one of a universal product code and a product serial number.

50. A system for efficient processing of returns of different types of purchased products to a manufacturer's facility, the system comprising;

a central information processing system having product registration information on purchased products, wherein the information indicates at least a date of purchase for the purchased products, the central information processing system further including return criteria for each of the different types of products;

a remote information processing system located at the retailer's facility, the remote information processing system being operable to receive input on a purchased product sought to be returned and to transmit to the central information processing system a unique product identifier based on the input;

the central information processing system being operable to:

receive the unique product identifier;

access the product registration database to determine a date of purchase based on the unique product identifier;

determine whether the product qualifies for return based on the date of purchase and the particular return criteria for the particular product type; and

transmit to the remote information processing system a return qualification indicator if the product qualifies for return.

51. A system as defined in claim 50, wherein the remote information processing system includes a display which is operable to display the return qualification indicator once received from the central information processing system.

52. A system as defined in claim 50, wherein the central and the remote information processing systems are operable to establish a communication link therebetween by an internet connection.

53. A system as defined in claim 50, wherein the central information processing device is located at a manufacturer's facility for processing returns.

54. A system as defined in claim 53, wherein a plurality of the remote information processing systems are located at a plurality of retailer's facilities, respectively.

55. A system as defined in claim 50, wherein the remote information processing system includes a product scanner operable to generate the input by scanning the product.

56. A system as defined in claim 55, wherein the scanner is operable to read a product bar code indicating at least one of a universal product code and a product serial number.

* * * * *

APPENDIX C

U.S. Patent No. 6,536,659 issued to Hauser et al.



US006536659B1

(12) **United States Patent**
Hauser et al.

(10) **Patent No.:** **US 6,536,659 B1**
(45) **Date of Patent:** **Mar. 25, 2003**

(54) **FACILITATING RETURNS OF
MERCHANDISE PURCHASED FROM
OTHER SOURCES**

FOREIGN PATENT DOCUMENTS

JP 59049659 A * 3/1984 G06F/15/21

* cited by examiner

Primary Examiner—Thien M. Le
Assistant Examiner—April Nowlin
(74) *Attorney, Agent, or Firm*—Ronald M. Anderson

(75) **Inventors:** **O. Shannon Hauser**, Bellevue, WA (US); **Billy H. Snipes**, Social Circle, GA (US); **Stephen S. Sugiyama**, Seattle, WA (US); **Christine O. Adkinson**, Woodinville, WA (US)

(73) **Assignee:** **Returns Online, Inc.**, Mercer Island, WA (US)

(57) **ABSTRACT**

(*) **Notice:** Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 261 days.

A method for handling goods returned by customers of a plurality of different merchants. Merchants who have authorized return of merchandise transmit data identifying the customer and the merchandise to be returned to a central return facility for inclusion in a database. Customers of these merchants package the merchandise to be returned and are provided with a return authorization shipping label by the central return facility. This label includes a scannable bar code identifying the merchant and the customer. After the merchandise is received at the central returns facility, the scannable bar code is scanned so that the merchandise can be sorted by merchant, and the merchandise is then inspected to determine if the merchandise authorized for return has been received. If so, the appropriate merchant is advised, and the customer is electronically credited for the return of the merchandise. A bar code tag is attached to the returned merchandise that has been received to facilitate automated sorting on a conveyor system. The merchandise is thus directed to a storage bin for temporary storage along with other merchandise designated for the same disposition. When a bin is full, the merchandise contained therein is disposed of as designated.

(21) **Appl. No.:** **09/713,421**

(22) **Filed:** **Nov. 15, 2000**

(51) **Int. Cl.⁷** **G06F 17/00**; **G06F 17/60**;
G06K 15/00

(52) **U.S. Cl.** **235/375**; **235/383**; **235/385**

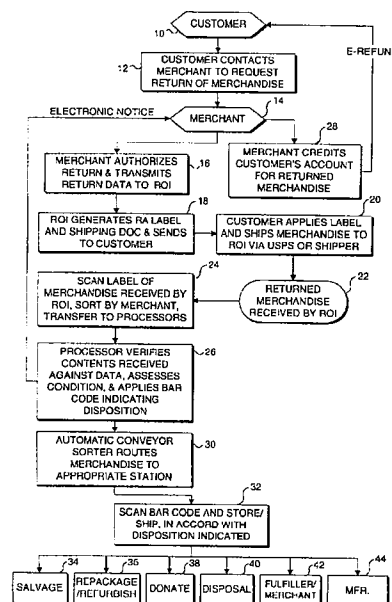
(58) **Field of Search** **235/375**, **383**,
235/385; **705/21**, **24**, **26**, **28**, **74**, **76**, **408**

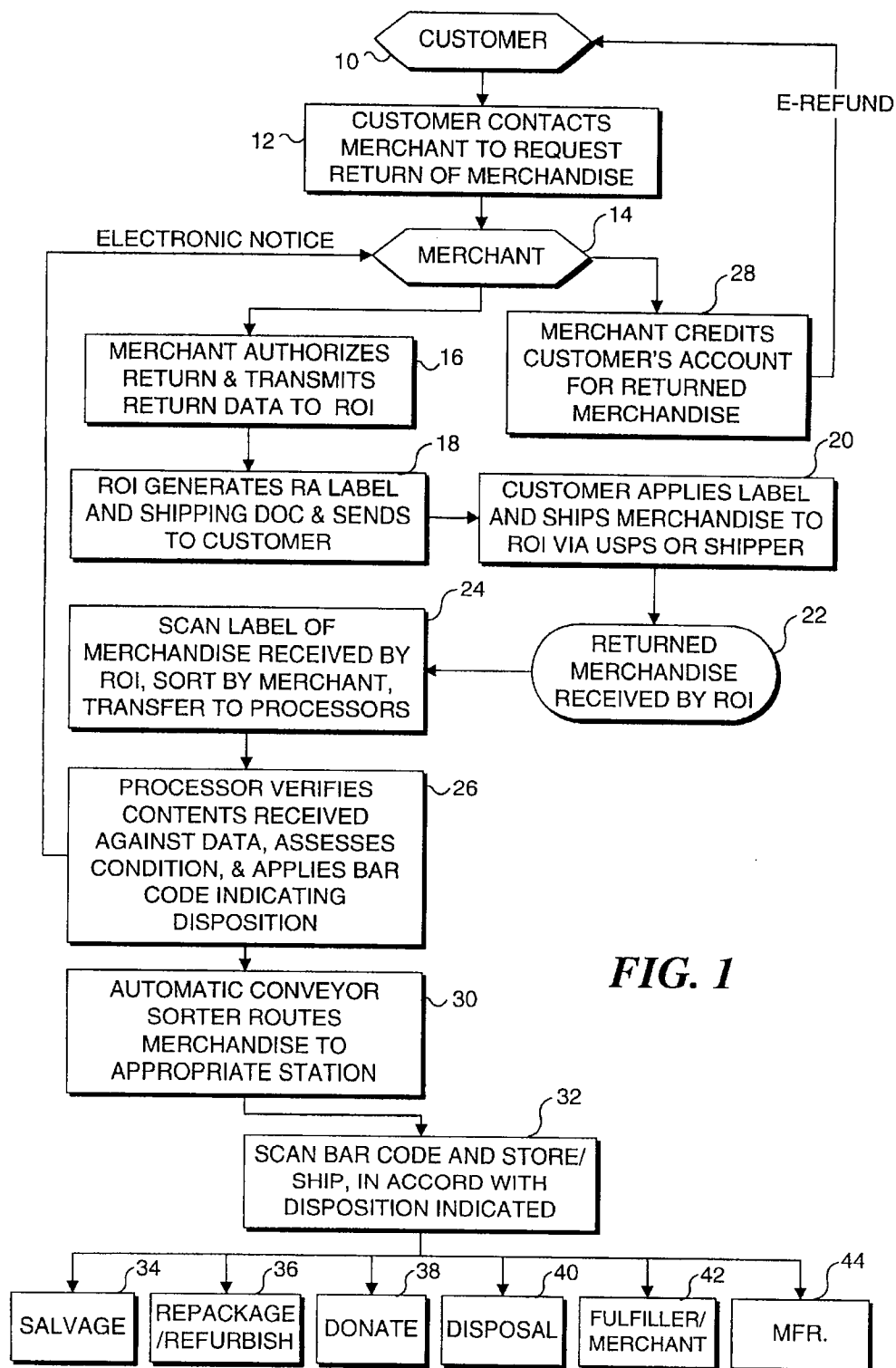
(56) **References Cited**

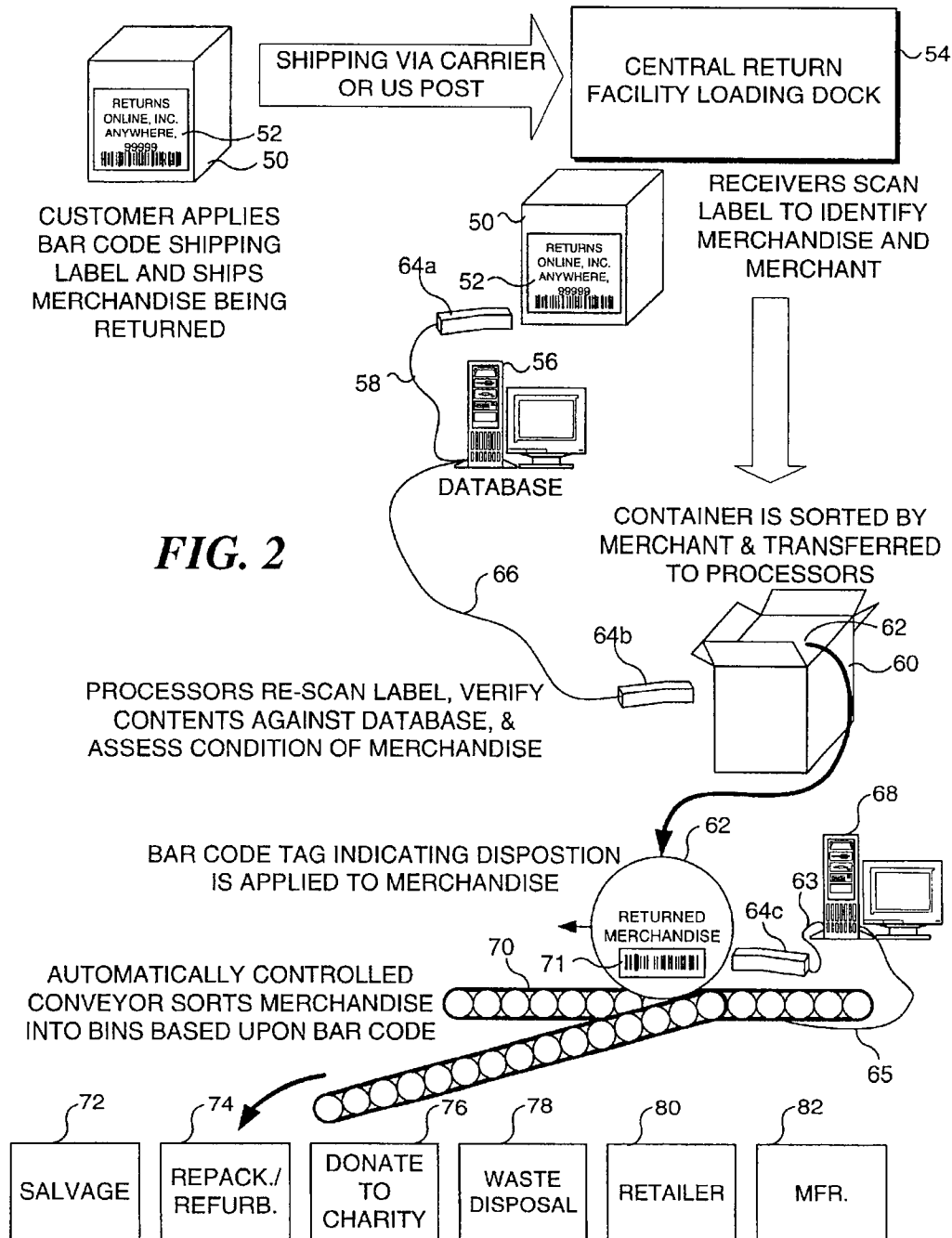
U.S. PATENT DOCUMENTS

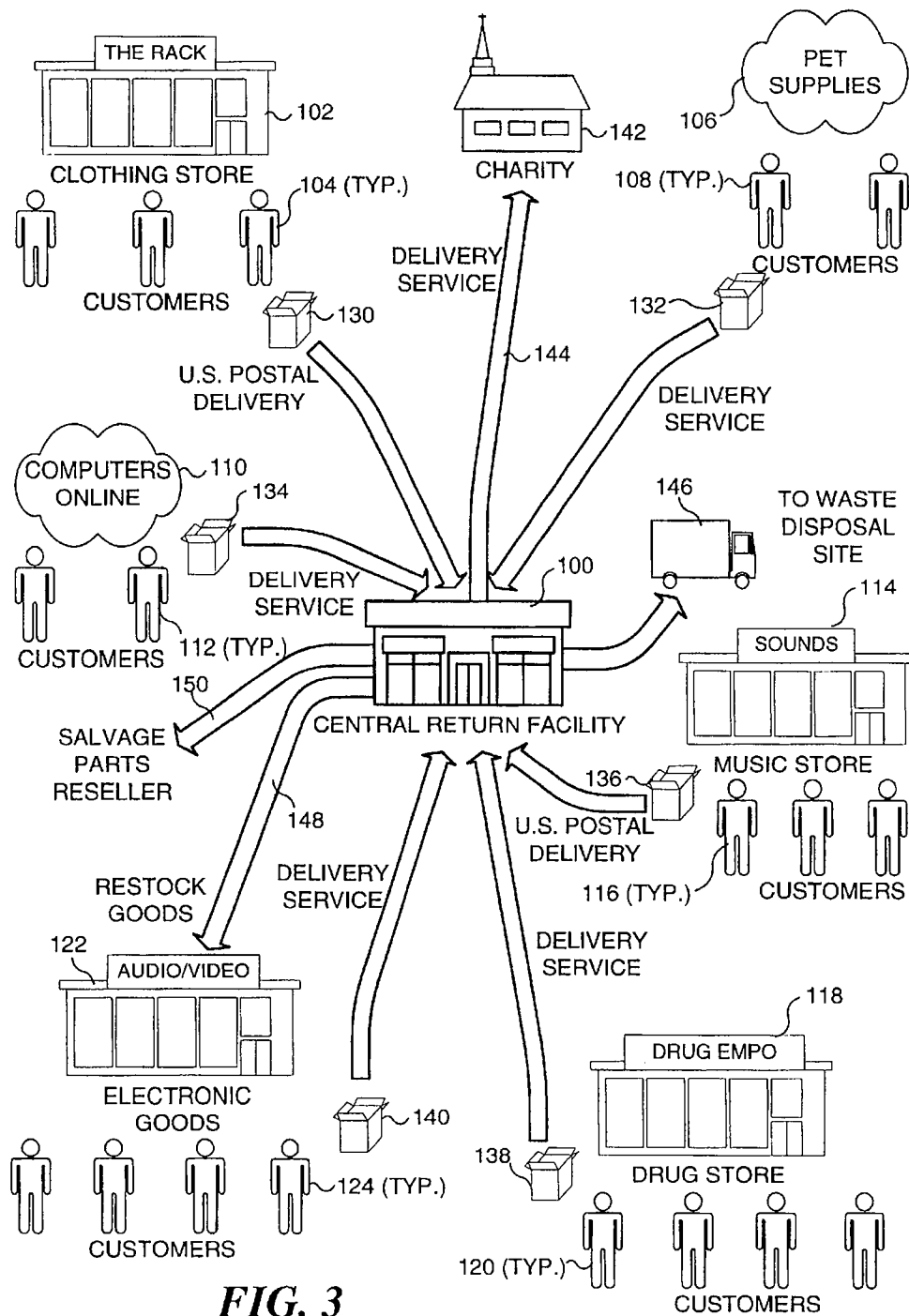
4,967,906 A * 11/1990 Morello et al. 206/387.1
5,042,686 A * 8/1991 Stucki 194/217
5,257,741 A * 11/1993 Rode et al. 241/100
6,018,719 A * 1/2000 Rogers et al. 705/21
2002/0010689 A1 * 1/2002 Tibbs et al. 705/408
2002/0019785 A1 * 2/2002 Whitman 705/28
2002/0138356 A1 * 9/2002 Dutta et al. 705/26

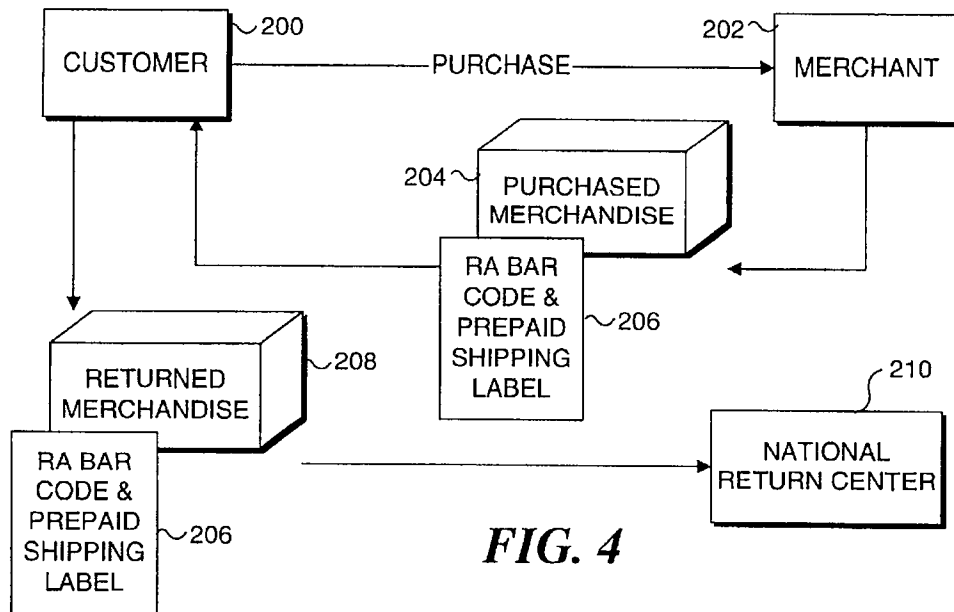
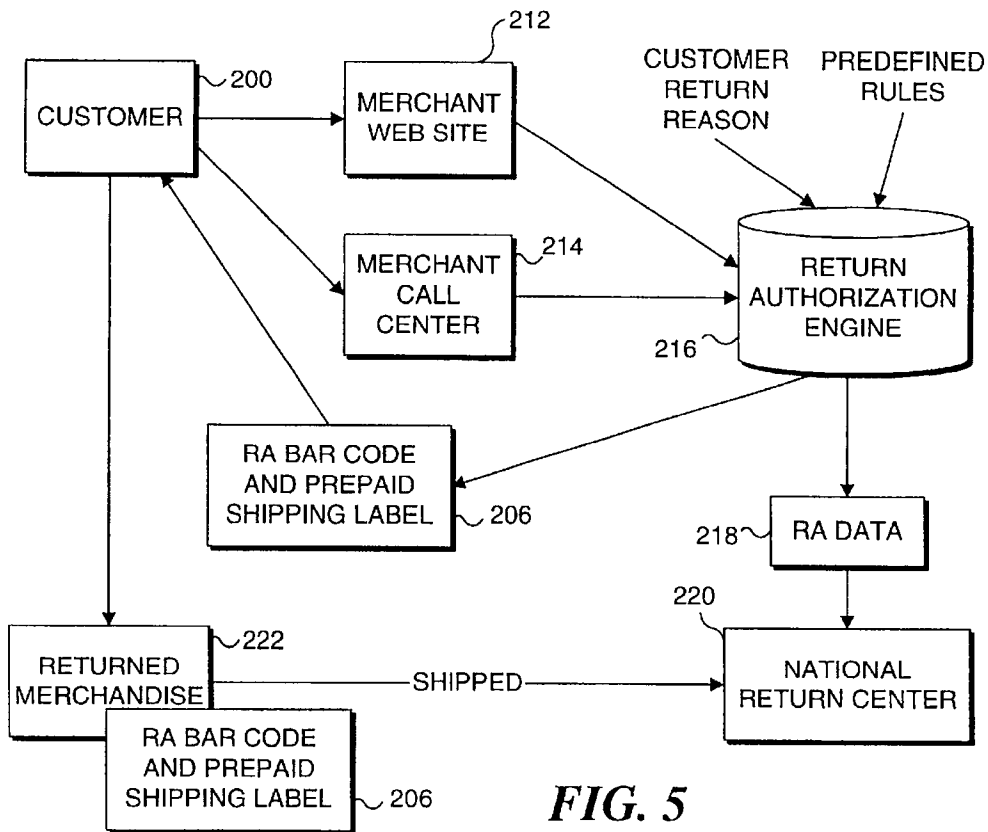
32 Claims, 5 Drawing Sheets



**FIG. 1**



**FIG. 3**

**FIG. 4****FIG. 5**

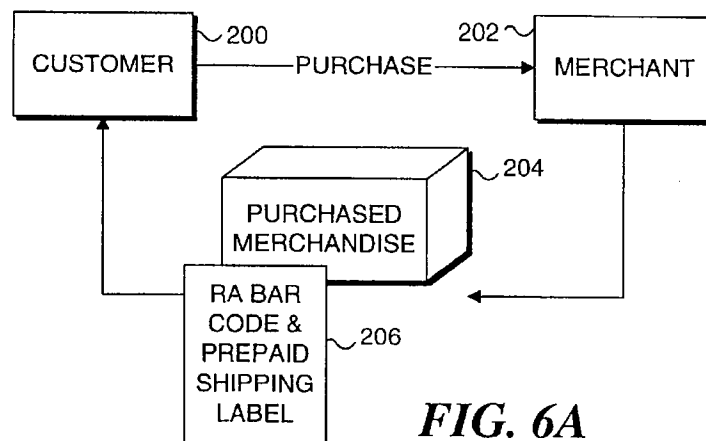


FIG. 6A

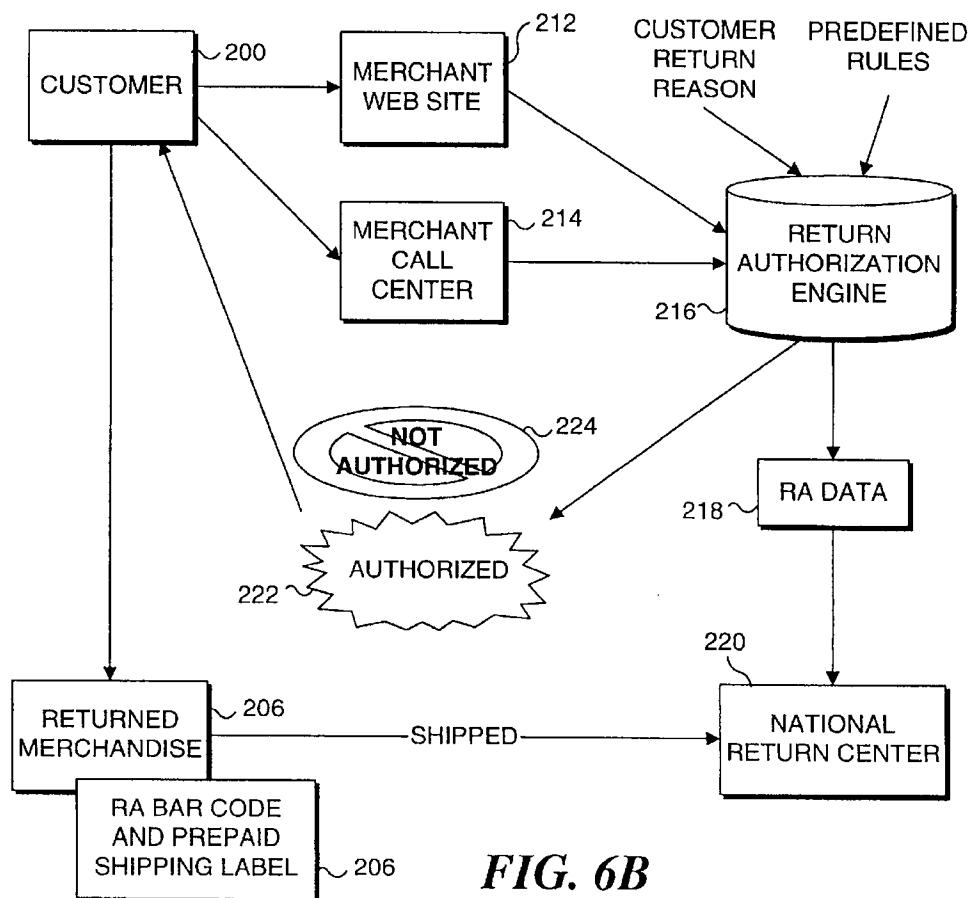


FIG. 6B

1

FACILITATING RETURNS OF MERCHANDISE PURCHASED FROM OTHER SOURCES

FIELD OF THE INVENTION

This invention generally refers to a method and system for handling returned merchandise, and more specifically, to a method and system for receiving returned merchandise and efficiently processing it for appropriate disposition.

BACKGROUND OF THE INVENTION

One of the more troublesome problems that a merchant who sells merchandise to a customer must address is handling returns of merchandise sold to a customer. This problem is particularly significant for merchants who sell online to Internet customers, or through catalog orders, since such merchants typically do not have a local facility at which the merchandise can be physically returned by a customer. Yet, even for conventional "brick and mortar" businesses, the problems associated with handling returned merchandise can be a tremendous burden. An independent survey has determined that 30% of online retailers believe their biggest fulfillment challenge in the year 2001 will be accepting online returns. The importance of this issue should be fully appreciated, since 47% of those surveyed have indicated that they choose not to shop online because they can't return items easily. Whether a shopper is returning merchandise purchased online, or through a catalog transaction, or from a conventional store, the inconvenience of the process can have a significant adverse effect on customer loyalty. Providing prompt and efficient handling of returned merchandise helps to ensure the continued patronage of customers.

Several aspects of handling returned goods cause most of the problems for merchants. A merchant must provide personnel and facilities for processing and handling returned merchandise, which can add substantial overhead to the operation of a business. When goods are returned, they must be checked to determine their condition and to determine if the customer has actually returned the goods purchased from the merchant, or has omitted any portion of the goods that were to have been returned. These steps are essential to ensure that the customer is promptly credited for the cost of the returned goods, but is not credited if the condition and/or contents of the merchandise received are not in accord with the merchant's returned goods policies.

Assuming that a customer returns the goods that were originally purchased by the customer in an acceptable condition, the merchant must determine how to dispose of the goods. This aspect of handling returned goods can be particularly troublesome, because most merchants are not properly equipped to deal with returned goods that cannot be simply reshelved for resale. In some cases, the condition or nature of the goods will preclude them from being repackaged for resale. In other cases, a portion of the returned goods may be salvaged, but the remainder will need to be discarded in an acceptable manner. For other situations, a merchant will prefer to donate the returned goods to an acceptable charitable cause, thereby enjoying the benefit of a tax write-off for the value of the donation. Certain types of goods may represent an environmental hazard if improperly disposed of and will require special handling, in accord with criteria set forth for toxic or hazardous waste. Most merchants do not have the facilities or staff to assess the condition of returned merchandise and to carry out the steps that need to be taken for appropriate handling of the returned

2

goods. Accordingly, it will be evident that it would be preferable to provide a centralized returned merchandise handling agency to process returned merchandise for a plurality of different merchants. Such a centralized agency will be able to more efficiently process returned merchandise than could any individual merchant.

SUMMARY OF THE INVENTION

In accord with the present invention, a method is defined for handling returned merchandise on behalf of a plurality of different merchants. The method provides that merchants transmit data relating to merchandise that might be returned by customers of the merchants to a central database. The data identify the merchant and the merchandise purchased by a customer, and include contact information for the customer. A return label is provided to the customer for inclusion with the merchandise being returned and includes information referencing at least a portion of the data stored in the central database. The return label can be provided with the merchandise when purchased by the customer, and if so, can be usable without obtaining further permission to return the merchandise, or alternatively, is usable only after permission to return the merchandise has been requested and granted. As a further alternative, the return label can be sent to the customer for use after permission to return merchandise has been requested by the customer and granted.

Upon receipt of merchandise that has been returned by the customer, at least part of the information included on the return label is entered into the central database to indicate that the merchandise has been received. The condition of the merchandise is then assessed. A tag is associated with the merchandise to indicate how the merchandise should be disposed, based upon the condition of the merchandise as received. The merchandise is thereafter automatically routed to a station designated for the temporary storage and subsequent disposition of the merchandise as indicated on the tag.

Preferably, the return label comprises a scannable code. To enter at least part of the information, the return label is scanned. Similarly, the tag associated with the merchandise also preferably comprises a scannable code. The tag is thus readily scanned to determine the disposition of the merchandise and to facilitate automatically routing the merchandise to the appropriate station for its disposition. The station designated for the disposition comprises a storage repository designated to hold returned merchandise that have been allocated for a common disposition.

The method also includes the step of electronically reporting receipt of the merchandise that was returned to the merchant who transmitted the data identifying the merchandise. The report indicates the condition and the disposition of the merchandise to the merchant. The account of the customer returning merchandise is credited for the value of the merchandise being returned at any time specified by the merchant from whom the customer purchased the merchandise, but the customer's account is subsequently debited for this value if the merchandise that has been returned fails to meet a condition specified by the merchant. A report regarding the status and/or condition of the merchandise is optionally provided to the merchant at any desired point in the processing of the returned merchandise. The report is preferably electronically posted on a network accessible by the merchant (such as the Internet), showing the status and/or condition of the merchandise that has been returned. In this way, the merchant can track the handling of the returned merchandise through its final disposition.

3

The options for disposition of the merchandise include salvaging at least one useful component from the merchandise and discarding the remainder of the merchandise, refurbishing and repackaging the merchandise for resale, donating the merchandise to benefit a selected charity, discarding the merchandise in an appropriate waste disposal facility, and returning the merchandise to the inventory of the merchant.

BRIEF DESCRIPTION OF THE DRAWING FIGURES

The foregoing aspects and many of the attendant advantages of this invention will become more readily appreciated as the same becomes better understood by reference to the following detailed description, when taken in conjunction with the accompanying drawings, wherein:

FIG. 1 is a flow chart illustrating the steps implemented in the present invention;

FIG. 2 is a block diagram illustrating the processing of returned merchandise that has been received at a central processing facility;

FIG. 3 is a schematic diagram illustrating the interaction between the merchants that subscribe to the central return merchandise processing service, their customers who are returning merchandise, the facilities, and several of the options for disposition of the merchandise;

FIG. 4 is a block diagram illustrating a first option for providing a return authorization bar code and prepaid shipping label to a customer for use in returning merchandise;

FIG. 5 is a block diagram illustrating a second option for providing a return authorization bar code and prepaid shipping label to a customer for use in returning merchandise; and

FIG. 6A and 6B are block diagrams respectively illustrating the purchase of merchandise that includes a return bar code and prepaid shipping label and the control exercised in authorizing the return of merchandise.

DESCRIPTION OF THE PREFERRED EMBODIMENT

The logical steps implemented in carrying out the present invention are shown generally in FIG. 1. The process is typically initiated when, as indicated in a block 12, a customer 10 contacts a merchant 14 to request authorization to return merchandise to the merchant from whom the merchandise was originally purchased. There are many reasons why a customer will want to return merchandise. For example, merchandise may be of an improper size or color, or otherwise fail to meet the requirements of the customer, or the merchandise may be defective, or may have been supplied to the customer in an incomplete form. The requirements set forth by different merchants to justify granting of an authorization to return merchandise vary from industry to industry, and will often depend upon the nature of the merchandise. Assuming that all of the conditions for return of the merchandise are met, merchant 14 will authorize the customer to return the merchandise to the central return facility, in accord with the present invention. The NATIONAL RETURN CENTER™ is such a central return facility that has been created by Returns Online, Inc. to efficiently service returned merchandise for a plurality of different merchants.

In some cases, a merchant might ship merchandise that was dropped off by the customer, to this central return facility. However, it is more likely that in most cases, the

4

customer will be the party that ships the merchandise being returned to the return facility. As indicated in a block 16, before any merchandise will be accepted, merchant 14 must authorize the return and transmit the return data to Returns Online, Inc. for inclusion in its database. It will be most convenient to transmit the data electronically, either over the Internet, or via a dedicated data line provided for each merchant who elects to use the central return services provided by Returns Online, Inc. The data transmitted to Returns Online, Inc. by a merchant who has authorized the return of merchandise will identify the customer who requested the return and the merchant authorizing the return, will indicate the address and other contact information for the customer, and will include a description of the merchandise that identifies all items that should be included.

Upon receiving the data from a merchant who has authorized the return of merchandise, Returns Online, Inc. will generate a return authorization shipping label as indicated in a block 18. The shipping label will include a bar code identifying the merchant authorizing the return and including any other information that is relevant to processing the return of the merchandise. Included on the return authorization shipping label is the address for Returns Online, Inc. Other options for providing the return authorization shipping label are discussed below in greater detail. In addition, Returns Online, Inc. may include either a prepaid United States Postal Service Postage Permit or other private shipper forms that can be used by the customer returning the merchandise to facilitate shipment of the merchandise to Returns Online, Inc. These labels will be sent to each customer returning merchandise through conventional U.S. Postal Service mail or by email in an electronic form that can be printed by the customer, providing the appropriate printable bar-coded return authorization shipping label for facilitating shipment of the merchandise to Returns Online, Inc.

Upon receiving the return authorization label, as indicated in a block 20, the customer will pack the merchandise to be returned in an appropriate container, apply the label to the container, and will then arrange for shipment of the merchandise to the central return facility of Returns Online, Inc. At the customer's option, the returned merchandise can be conveyed by the U.S. Postal Service using the U.S. Postal Service Postage Permit or by a private shipper. If using the U.S. Postal Service, the customer will leave the container at a postal drop box at the U.S. Post Office, or at the customer's mail box or doorstep. If a private shipper is elected, the shipper will likely pick up the container from the customer's residence or other location.

Returned merchandise shipped through the U.S. Postal Service or via a private shipper is received by Returns Online, Inc. at its central return facility, as indicated in a block 22. A block 24 indicates that Returns Online, Inc. scans the return authorization label applied to the shipping container of merchandise that has been received. Based upon the merchant identified by the bar code on the shipping label, the container conveying the merchandise is sorted and transferred to an appropriate processor station.

At the processor station, as indicated in a block 26, the contents of a shipping container are inspected and the processor verifies that the contents received in the container match the expected contents, based upon the data received from the merchant who authorized the return shipment. In addition, the processor assesses the condition of the merchandise. The processor produces a bar code tag that is applied to the merchandise or its container indicating the final disposition of the merchandise, in accord with instructions received from the merchant and depending upon the

5

assessed condition of the returned merchandise. The disposition indicated on the bar code tag is thus dependent upon the nature of the returned merchandise, the instructions from the merchant, and/or upon the condition of the returned merchandise.

If the contents of the container that was received match the expected merchandise, the processing station sends an electronic transmission to merchant 14 indicating that a complete return of the merchandise occurred, as indicated by the line from block 26 back to block 14. Alternatively, the message may indicate that the return was incomplete or that the returned merchandise exhibits excessive wear or likely customer damage. Fraudulent returns are also detected at this point. The electronic message transmitted back to merchant 14 will thus indicate the condition of the returned merchandise. If the merchandise has been completely returned in an expected condition, the merchant will credit the customer's account for the returned merchandise, as indicated in a block 28. Customer 10 receives the refund, as indicated by the line from block 28 back to block 10.

However, it is contemplated that refunds can alternatively be credited to a customer's account for returned merchandise at any time during the process designated by a merchant. For example, when a customer initially requests authorization to return merchandise, the customer's account can be credited for the cost of the merchandise being returned or a check in the amount of the credit can be mailed to the customer. In the event that the merchandise is either not returned by the customer, or if some other condition established by the merchant such as the condition or completeness of the return is not met, the customer's account will be debited in the amount previously credited. If the credit was paid to the customer, an invoice for the amount of the credit will be sent to the customer, or the matter will be otherwise handled as the merchant involved has directed.

In a block 30, the merchandise that has been inspected at the processor station is then conveyed by an automatic conveyer, which sorts and routes the merchandise to an appropriate station by automatically scanning the bar code tag that was applied to the container or merchandise in block 26. In accord with a block 32, the merchandise is directed to an appropriate temporary storage bin in which it is stored until it is subsequently disposed of as indicated on the bar code applied to the tag at the processing station.

Several exemplary options for disposing of returned merchandise are indicated in blocks 34-44. Certain types of merchandise, by their nature, may not be completely reusable, but may include components that are sufficiently valuable to justify salvage, as indicated in a block 34. For example, it may be too expensive to attempt to repair a defective returned electronic product, such as an electronic game. However, the display screen on such a product, if still operative, may comprise a substantial portion of the entire cost of the product when it was originally manufactured. Accordingly, valuable components of such a product can be salvaged for further use in new products being manufactured.

A block 36 indicates that certain goods will require repackaging or refurbishing, e.g., to replace a blister pack or other packaging destroyed when the customer originally opened the product prior to returning it. Repackaging and refurbishing the product will typically place the product in a saleable condition, assuming that it is not otherwise defective and has not been adversely affected by any use of the previous customer.

For other merchandise that is returned, there may be a substantial tax benefit to the merchant to donate the returned

6

merchandise to a recognized charity, in accord with a block 38. The merchant should then be able to take a tax write-off corresponding to the fair market value of the returned merchandise donated to a charitable organization. Some returned merchandise will have no further useful value upon being returned and will thus best be disposed in accord with accepted waste management practices, as indicated in a block 40. Returned merchandise that is reusable and can be sold to another customer can alternatively be transmitted to a fulfiller/merchant, as indicated in a block 42. In some cases, the retailer will mark such merchandise as "returned goods." However, other merchandise that has been returned can be sold "as new." For example, software that has been returned can likely be resold as new.

In other cases, the returned merchandise will be shipped to the original manufacturer, for possible use in manufacturing new goods of a related nature. This disposition option is noted in a block 44.

Further details related to the processing of returned merchandise are illustrated in FIG. 2. In this illustration, an exemplary container 50 is shown in which a customer has packed merchandise to be returned. The return of this merchandise has previously been authorized by a merchant, and having been advised of the authorization by the merchant, Returns Online, Inc. has provided the customer with a return authorization label 52 that includes the address for Returns Online, Inc. and a bar code that is scannable for identifying the merchant and merchandise being returned. Container 50 is then shipped via a private shipping company or through the U.S. Postal Service to a central return facility, i.e., to a loading dock 54, which receives all of the packages returned from customers of merchants who are clients of Returns Online, Inc. From the loading dock, container 50 is directed to a receiving station where return authorization label 52 is scanned using a scanner 64a, so that the data included in the scannable bar code can be entered within a database maintained on a computer 56. Scanner 64a is coupled to computer 56 via a lead 58. Once the receiving station scans a return authorization label to identify the merchant who authorized the return, the container is sorted along with other returned merchandise received, based upon the information from the merchant who authorized the return of the merchandise. The container is then transferred to a processor station. The processor at this station inspects returned merchandise 62 inside a container 60 and rescans the return authorization shipping label with a scanner 64b that is connected to computer 56 through a lead 66. The contents of container 50 are verified against the expected contents as indicated in the data stored in the database on computer 56.

A bar code tag 71 indicating the disposition is applied to the returned merchandise or to container 60, and container 60 and/or returned merchandise 62 is directed onto an automated conveyer system 70. As the merchandise is moved by the conveyer system, the disposition indicated on bar code tag 71 is scanned using a scanner 64c, which is coupled through a lead 63 to a computer 68. In response to the disposition indicated by scannable bar code tag 71, computer 68 controls conveyer system 70 via control signals conveyed by a lead 65, to direct the returned merchandise to an appropriate temporary storage bin selected from among bins 72-82. Each of these bins is allocated to hold merchandise that has been assigned to a common disposition. Once a bin is filled, it is shipped for disposition as indicated on the bar code tag provided for all of the returned merchandise that it contains.

In FIG. 3, the relationship between a central return facility 100 operated by Returns Online, Inc., the merchants that

make use of the facility, and the customers of those merchants is graphically illustrated. Central return facility 100 will service the returned merchandise for a plurality of different merchants including a clothing store 102 having customers 104, a pet supplies Internet merchant 106 who sells pet supplies to customers 108, a computers online vendor 110 who sells to customers 112, a music store 114 that sells music CDs and videos to customers 116, a drug-store 118 that sells to customers 120, and an electronic goods store 122 that sells to customers 124. It should be noted that the merchants used in this exemplary illustration are not in any way intended to limit the types of merchants that will use the central return facility provided in accord with the present invention. However, it should be noted that the merchants shown in this example are of both the "brick and mortar" type and of the "online" type that sell goods and services over the Internet.

Any of the customers of these client merchants may want to return merchandise purchased from any of the client merchants, e.g., due to improper fit, defects, wrong color, etc. Accordingly, a plurality of containers 130, 132, 134, 136, 138, and 140 are illustrated in association with at least one customer of each client merchant. The customer of a merchant will have contacted the merchant for authorization to return merchandise. In each case, the container that is being returned includes merchandise purchased from a client merchant and is sent either via the U.S. Postal Service or through a private carrier to central return facility 100, for example, to a facility operated by Returns Online, Inc.

Processing of merchandise that have been received by the central return facility is as described above. It should be noted that the status of any of the merchandise that is returned to central return facility 100, once it has been received and its return authorization shipping label has been scanned, will be available online so that the merchant who has authorized the return can track the disposition of the merchandise received by central return facility 100.

After the returned merchandise has been processed as described above, it is conveyed in a bin (along with other returned merchandise assigned the same disposition) to the assigned disposition. For example, returned merchandise that is to be donated to a charity are conveyed as indicated by an arrow 144, using a delivery service, to a charitable institution such as a church 142. Returned merchandise designated for disposal is shipped by a truck 146 to an appropriate waste disposal site. Repackaged/refurbished returned merchandise is shipped as indicated by an arrow 148, prepaid to the merchant that authorized the return, such as electronic goods store 122, where the returned merchandise is restocked for resale. Similarly, an arrow 150 indicates that returned merchandise designated for salvage is shipped to a salvage parts reseller.

Other dispositions discussed above are not illustrated in FIG. 3, since space does not permit. However, it will be understood that in addition to the disposition options indicated, other options for disposition of returned merchandise can be implemented in accord with the present invention.

As noted above, several alternative approaches are contemplated in regard to the present invention for providing the shipping label that is bar-coded and for facilitating return of merchandise. FIG. 4 illustrates a first approach in which the customer 200 receives purchased merchandise 204 with which is included a return authorization code and prepaid shipping label 206 from a merchant 202. In the approach shown in FIG. 4, merchant 202 has elected to pre-authorize

customers to return any purchased merchandise with which the customers are dissatisfied, without the need to obtain further authorization for the return. Thus, when a customer makes a purchase, the authorization to return that merchandise is automatically provided. If dissatisfied with purchased merchandise 204 for any reason, customer 200 simply repackages the goods, applies return authorization bar code and prepaid shipping label 206, and arranges for shipment of returned merchandise 208 to NATIONAL RETURN CENTER™ 210, as described above.

FIG. 5 illustrates a more likely approach for handling the authorization to return merchandise. As shown in this Figure, customer 200 either contacts a merchant web site 212 over the Internet or alternatively, telephones a merchant call center 214 and is connected with an operator. If the customer contacts the merchant web site, an interactive form will be provided that enables the customer to provide the same information solicited by the operator if the customer had instead called the merchant call center. In either case, the customer requests authorization to return merchandise previously purchased and indicates why the merchandise should be returned.

For each type of merchandise, a plurality of different codes will be provided, each associated with a different potential reason for returning the merchandise. For example, a different code will be associated with reasons such as: Repair/Service Merchandise, Damaged/Defective Product, Wrong Fit, Error in Product Supplied (e.g., wrong color, fit, or product), Don't Want, Didn't Match Description or Picture, Arrived too Late, etc. A return authorization engine 216 will be provided to compare the code associated with the customer's reason for returning the merchandise with rules that have been predefined as justifying a return, exchange, or other resolution. Typically, these rules will be established by the merchant from whom the customer purchased the merchandise. If the coded reason for making the return satisfies the predefined rules, the return authorization engine will automatically send return authorization bar code and prepaid shipping label 206 to the customer. If the customer wants to make an exchange, an operator handling the communication with the customer at a call center (or the customer, if the customer has contacted the manufacturer's web site) will preferably be automatically routed to an order page to enable the customer to order replacement merchandise.

The return authorization bar code and prepaid shipping label required for returning merchandise can either be sent through the mail, or can be provided as a printable attachment to an e-mail, enabling the customer to print the label. This e-mail may include additional messages and/or incentive coupons. Customer 200 then applies the return authorization bar code and prepaid shipping label to a container 222 in which the merchandise being returned is packed, and arranges for shipment of the merchandise to the NATIONAL RETURN CENTER™, as explained above.

Yet another approach for providing the return authorization bar code and prepaid shipping label and authorizing the return of merchandise is illustrated in FIGS. 6A and 6B. This approach is a combination of the preceding two approaches. As shown in FIG. 6A, the customer receives the return authorization bar code and prepaid shipping label with the purchased merchandise at the time a purchase is made. However, as shown in FIG. 6B, the customer is required to obtain authorization prior to returning the merchandise. Just as discussed in connection with FIG. 5, the customer must contact either merchant web site 212 or merchant call center 214 to request authorization to return the merchandise. If the reason given by the customer satisfies the predefined rules,

the return authorization engine provides the authorization for the return of the merchandise, as indicated in a block 222. Conversely, if the reason provided by the customer does not satisfy the predefined rules, the return is not authorized, as indicated in a block 224. Only if customer 200 has been authorized to make a return of the merchandise will returned merchandise 206 be accepted by NATIONAL RETURN CENTER™ 220. When properly authorized to make a return of the merchandise, the customer will apply the return authorization bar code and prepaid shipping label that was provided with the merchandise when purchased and arrange for shipment of the merchandise to the NATIONAL RETURN CENTER™ as previously noted above.

Although the present invention has been described in connection with the preferred form of practicing it and modifications thereto, those of ordinary skill in the art will understand that many other modifications can be made to the present invention within the scope of the claims that follow. Accordingly, it is not intended that the scope of the invention in any way be limited by the above description, but instead be determined entirely by reference to the claims that follow.

The invention in which an exclusive right is claimed is defined by the following:

1. A method for handling returned merchandise on behalf of a plurality of different merchants, comprising the steps of:

- (a) enabling a merchant to transmit data to a central database identifying merchandise that might be returned by a customer, said data identifying the merchant and the merchandise, and including contact information for the customer;
- (b) providing a return shipping label to the customer for use in returning the merchandise, said return label including information referencing at least a portion of the data stored in the central database;
- (c) entering at least part of the information included on the return shipping label into the central database upon receipt of merchandise returned by the customer, to indicate that the merchandise being returned has been received;
- (d) assessing a condition of the merchandise that was received and associating a tag with said merchandise indicating a disposition thereof;
- (e) automatically routing the merchandise to a station for implementing the disposition of the merchandise, as indicated by the tag; and
- (f) disposing of the merchandise, as indicated by the tag.

2. The method of claim 1, wherein the return shipping label comprises a scannable code, and wherein the step of entering at least part of the information comprises the step of scanning the return shipping label.

3. The method of claim 1, wherein the tag associated with the merchandise comprises a scannable code, and wherein the step of automatically routing the merchandise comprises the step of scanning the tag to determine the disposition of the merchandise and thereby controlling the automatic routing of the merchandise.

4. The method of claim 1, wherein the station comprises a storage repository designated to hold returned merchandise that have all been allocated for a common disposition.

5. The method of claim 1, further comprising the step of electronically reporting receipt of the merchandise that was returned, to the merchant that transmitted the data identifying the merchandise, and indicating a condition and a disposition of the merchandise to said merchant.

6. The method of claim 1, further comprising the step of enabling the customer to selectively return the merchandise by one of a postal shipment and a shipping service.

7. The method of claim 1, further comprising the step of providing a notice to the merchant indicating a status of the merchandise that has been returned at any step in the handling of the returned merchandise requested by the merchant.

8. The method of claim 1, further comprising the step of electronically posting a status report on a network accessible by the merchant, indicating the status of the merchandise that has been returned.

9. The method of claim 1, wherein the disposition of the merchandise includes at least one of:

- (a) salvaging at least one useful component from the merchandise and discarding a remainder of the merchandise that was returned;
- (b) refurbishing and repackaging the merchandise that was returned for resale;
- (c) donating the merchandise that was returned to benefit a selected charity;
- (d) discarding the merchandise in an appropriate waste disposal facility;
- (e) returning the merchandise to inventory for resale; and
- (f) returning the merchandise to a manufacturer of the merchandise.

10. The method of claim 1, further comprising the step enabling a refund to the customer returning merchandise at any point during the return and the handling of the returned merchandise, as specified by the merchant.

11. The method of claim 1, wherein the step of providing the return shipping label comprises the step of sending the return shipping label to the customer only after return of the merchandise has been authorized.

12. The method of claim 1, wherein the step of providing the return shipping label comprises the step of including the return shipping label with the merchandise when the merchandise was purchased by the customer.

13. The method of claim 1, wherein the step of providing the return shipping label comprises the step of sending an email to the customer to which is attached a printable return shipping label.

14. The method of claim 1, wherein the step of providing the return shipping label comprises the step of automatically providing the return shipping label to the customer, but only if predetermined conditions set by the merchant are met.

15. A method for facilitating return of merchandise by customers of a plurality of different merchants, comprising the steps of:

- (a) receiving electronically transmitted data regarding return authorizations from each merchant that were provided to customers of the merchants, said data for each return authorization identifying a customer, the merchandise authorized to be returned, and a merchant authorizing return of the merchandise;
- (b) producing shipping labels, each shipping label including a scannable code referencing the data regarding a return authorization for return of merchandise authorized by a merchant and which includes an address to which the merchandise is to be shipped when being returned;
- (c) providing the shipping labels to the customers for application to shipping containers in which the merchandise is to be returned;
- (d) receiving the merchandise that was returned by the customers;
- (e) scanning the shipping labels of the merchandise that has been received and sorting said merchandise based

11

upon the merchant that is identified on each shipping label as having authorized the return of the merchandise;

- (f) assessing contents of the shipping containers to determine a condition of the merchandise in each shipping container, and to assign a disposition for the merchandise;
- (g) producing scannable tags that are associated with the merchandise, said scannable tags indicating the disposition of the merchandise that was received;
- (h) automatically sorting and routing the merchandise to temporary storage, by scanning the tags associated with the merchandise to determine the disposition assigned, a different temporary storage being provided for each different type of disposition assigned to the merchandise; and
- (i) disposing of the merchandise temporarily stored in accord with the disposition assigned to the merchandise.

16. The method of claim 15, wherein each different temporary storage comprises a bin, further comprising the step of transferring the bin and merchandise temporarily stored therein to a site that implements the disposition of the merchandise in accord with the disposition that was assigned to the merchandise temporarily stored in the bin.

17. The method of claim 15, wherein the step of assessing is implemented at a plurality of processor stations; and wherein the step of assigning a disposition comprises the step of acting in accord with instructions provided by the merchant who originally sold the merchandise to which the disposition is being assigned.

18. The method of claim 15, wherein the step of disposing of the merchandise comprises at least one of the steps of:

- (a) salvaging any usable components from the merchandise;
- (b) repackaging the merchandise;
- (c) transferring the merchandise to a charitable organization;
- (d) depositing the merchandise at an appropriate waste disposal site;
- (e) restocking the merchandise for resale; and
- (f) returning the merchandise to a manufacturer of the merchandise.

19. The method of claim 15, further comprising the step of verifying the merchandise against the data to ensure that the merchandise returned is complete and is merchandise for which return was authorized by the merchant.

20. The method of claim 19, further comprising the step of notifying the merchant who authorized return of the merchandise, of results of the step of verifying.

21. The method of claim 15, wherein the step of automatically sorting and routing is implemented with automatically controlled conveyors.

22. The method of claim 15, wherein the step of providing the shipping labels comprises one of the steps of:

- (a) including a shipping label with the merchandise at the time of sale of the merchandise, authorization for the customer to return the merchandise if dissatisfied for any reason being then provided by the merchant;
- (b) including a shipping label with the merchandise at the time of sale of the merchandise, but requiring the customer to obtain authorization to return the merchandise before using the shipping label to return the merchandise; and

12

- (c) sending a shipping label to a customer only after authorization to return the merchandise has been requested by the customer and has been granted.

23. The method of claim 15, further comprising the step of providing to a merchant an online status of merchandise being returned by a customer.

24. A method for expediting handling of merchandise purchased from a plurality of different merchants that is being returned by customers, comprising the steps of:

- (a) providing a receiving facility for accepting returned merchandise at a defined address;
- (b) receiving electronically transmitted data from each merchant who has authorized return of merchandise, said data identifying the merchandise authorized to be returned and the merchant that authorized return of the merchandise;
- (c) providing bar-coded shipping labels to customers for use when the customers have been authorized to return merchandise, said bar-coded shipping labels including the defined address and indicating the merchandise and the merchant authorizing the return;
- (d) receiving returned merchandise from customers and scanning the bar-coded labels to identify the merchandise and the merchants authorizing return of the merchandise;
- (e) sorting returned merchandise received based on the merchant who authorized return of said merchandise;
- (f) assessing a condition of the merchandise received and comparing the merchandise received to the data received from the merchants;
- (g) automatically assigning a disposition of the merchandise received based upon the condition of the merchandise; and
- (h) disposing of the merchandise received in accord with the disposition assigned.

25. The method of claim 24, further comprising the step of advising the merchant whether the merchandise received from a customer corresponds to the merchandise authorized to be returned.

26. The method of claim 24, further comprising the step of issuing a credit to the customer for return of the merchandise.

27. The method of claim 24, wherein the step of automatically assigning the disposition of the merchandise is carried out in accord with instructions provided by the merchants.

28. The method of claim 24, wherein the step of providing the bar-coded shipping labels comprises one of the following steps:

- (a) providing a bar-coded shipping label when the customer purchases merchandise, said customer being then authorized to return the merchandise at that time if dissatisfied with the merchandise;
- (b) providing a bar-coded shipping label when the customer purchases merchandise, said customer being required to request and receive authorization to return the merchandise before using the bar-coded shipping label to return the merchandise; and
- (c) providing a bar-coded shipping label to a customer after the customer has requested and been granted authorization to return the merchandise.

29. The method of claim 24, wherein the step of providing the bar-coded shipping labels comprises the steps of electronically sending a bar-coded shipping label to a customer

13

and enabling the customer to print the bar-coded shipping label.

30. The method of claim **24**, further comprising the step of authorizing a customer to return merchandise only if a condition established by the merchant from whom the merchandise was purchased has been met.

31. The method of claim **24**, further comprising the step of crediting an account of a customer who is returning merchandise for a value of the merchandise being returned,

14

when specified by the merchant from whom the customer purchased the merchandise.

32. The method of claim **31**, further comprising the step of debiting the account of the customer previously credited for the value of the merchandise being returned, if a condition established by the merchant for the return is subsequently found not to have been met after the step of assessing the condition of the returned merchandise.

* * * * *

APPENDIX D

Evidence Appendix

Other than the references attached to this Appeal Brief as Appendices B-C, no evidence was submitted pursuant to 37 C.F.R. §§ 1.130, 1.131, or 1.132, and no other evidence was entered by the Examiner and relied upon by Appellant in the Appeal.

APPENDIX E

Related Proceedings Appendix

As stated on Page 3 of this Appeal Brief, to the knowledge of Appellant's Counsel, there are no known appeals, interferences, or judicial proceedings that will directly affect or be directly affected by or have a bearing on the Board's decision regarding this Appeal.